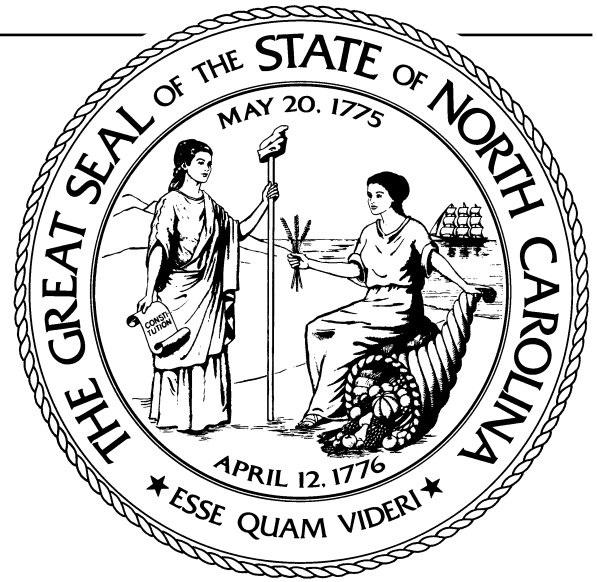


Report on **EDUCATION LEGISLATION**

2013 Session of the General Assembly



North Carolina General Assembly 2013 Regular Session

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About this Publication

The 2013 Report on Education Legislation was compiled by Rachel Beaulieu, Legislative and Community Relations Director, and Zane Stilwell, Legislative Policy Analyst, with the assistance of Loretta Peace-Bunch, Legislative Assistant. It was produced and printed by the Division of Communications and Information, Department of Public Instruction. Electronic copies are available at <http://legislative.ncpublicschools.gov/resources-for-legislation/2013-resources>. For printed copies, please visit the NCDPI Publications and Sales webpage at <http://www.ncpublicschools.org/publications/>.

**Index of
Chaptered Bills**

2013 Report on Education Legislation – Index

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2013 Report on Education Legislation – Money Report

2013 MONEY REPORT

[Conference Report – Continuation, Capital, and Expansion Budget]

Items affecting public education only

Public Schools	FY 2013-14		FY 2014-15																																													
A. Technical Adjustments																																																
Average Daily Membership (ADM)	\$10,651,329	R	\$9,914,165	R																																												
ADM Adjustment: Opportunity Scholarships			(\$11,797,941)	R																																												
Average Salaries for Certified Personnel	(\$11,873,083)	R	(\$11,980,756)	R																																												
Civil Penalties	(\$43,030,131)	NR																																														
Sales Tax Receipts Transfer to State Public School Fund	(\$5,025,426)	R	(\$6,553,965)	R																																												
Exceptional Children Headcount	(\$2,689,483)	R	(\$2,689,483)	R																																												
B. Elimination of LEA Adjustment																																																
LEA Adjustment Elimination	\$376,124,279	R	\$376,124,279	R																																												
Classroom Teachers	(\$286,433,312)	R	(\$245,897,168)	R																																												
<div>2012-2013</div> <table><tr><th>Grade(s)</th><th>Ratio</th></tr><tr><td>K</td><td>1:18</td></tr><tr><td>1-3</td><td>1:17</td></tr><tr><td>4-6</td><td>1:22</td></tr><tr><td>7-8</td><td>1:21</td></tr><tr><td>9</td><td>1:24.5</td></tr><tr><td>10-12</td><td>1:26.64</td></tr></table> <div>(Note: These figures for 2012-2015 are the budgeted ratios, however, grades 4-12 now have no class size restrictions based on HB 112 Technical Corrections, Section 3.3)</div>	Grade(s)	Ratio	K	1:18	1-3	1:17	4-6	1:22	7-8	1:21	9	1:24.5	10-12	1:26.64	<table><tr><th>Grade(s)</th><th>Ratio</th></tr><tr><td>K</td><td>1:19</td></tr><tr><td>1-3</td><td>1:18</td></tr><tr><td>4-6</td><td>1:24</td></tr><tr><td>7-8</td><td>1:23</td></tr><tr><td>9</td><td>1:26.5</td></tr><tr><td>10-12</td><td>1:29</td></tr></table>	Grade(s)	Ratio	K	1:19	1-3	1:18	4-6	1:24	7-8	1:23	9	1:26.5	10-12	1:29		<table><tr><th>Grade(s)</th><th>Ratio</th></tr><tr><td>K</td><td>1:19</td></tr><tr><td>1</td><td>1:18</td></tr><tr><td>2-3</td><td>1:17</td></tr><tr><td>4-6</td><td>1:24</td></tr><tr><td>7-8</td><td>1:23</td></tr><tr><td>9</td><td>1:26.5</td></tr><tr><td>10-12</td><td>1:29</td></tr></table>	Grade(s)	Ratio	K	1:19	1	1:18	2-3	1:17	4-6	1:24	7-8	1:23	9	1:26.5	10-12	1:29	
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Instructional Support Personnel	(\$16,990,590)	R	(\$17,186,802)	R																																												
Instructional Supplies	(\$6,919,008)	R	(\$7,372,550)	R																																												
C. Other Public School Funding Adjustments																																																
Limited English Proficiency	(\$6,000,000)	R	(\$6,000,000)	R																																												
ACT Assessments	\$7,500,000	R	\$7,500,000	R																																												
School Bus Replacement	(\$29,823,055)	R	(\$39,102,605)	R																																												
Stop Arm Cameras	\$690,000	R	\$690,000	R																																												
Low Wealth Supplemental Funding	(\$15,526,391)	R	(\$15,526,391)	R																																												

2013 MONEY REPORT
[Conference Report – Continuation, Capital, and Expansion Budget]
Items affecting public education only

Small County Supplemental Funding	(\$949,694)	R	(\$3,192,877)	R
Education Value Added Assessment System (EVAAS)	\$850,000	R	\$850,000	R
EVAAS School Performance Grades	\$300,000	NR	\$100,000	R
Teacher Assistants	(\$110,000,000)	R	(\$110,000,000)	R
	(\$10,000,000)	NR		
Education-Based Salary Supplements			(\$18,700,000)	R
Educator Effectiveness and Compensation Task Force	\$62,000	NR		
Advanced Placement / International Baccalaureate	\$1,500,000	R	\$12,331,184	R
School Safety				
• School Resource Officers in Elementary and Middle Schools	\$7,000,000	R	\$7,000,000	R
• Installation and Maintenance of Panic Alarm Systems in public schools	\$2,000,000	R	\$2,000,000	R
Career and Technical Education Test Fees	\$1,252,157	R	\$1,302,243	R
Education Innovation Grants	\$2,000,000	R	\$2,000,000	R
Cooperative and Innovative High School Allotment	\$310,669	R	\$310,669	R
D. Pass-Through Funds				
Teach for America	\$5,100,000	R	\$5,100,000	R
Tarheel ChalleNGe	(\$767,719)	R	(\$767,719)	R
North Carolina Center for the Advancement of Teaching (NCCAT)	(\$3,219,222)	R	(\$3,219,222)	R
	\$3,219,222	NR	\$3,219,222	NR
Teaching Fellows – Continue the phase-out	(\$3,095,000)	R	(\$6,190,000)	R
	(\$1,300,000)	NR		
E. Department of Public Instruction				
Officer of Charter Schools – three (3) positions	\$320,000	R	\$320,000	R
DPI Flexible Reduction	(\$780,491)	R	(\$780,491)	R

2013 MONEY REPORT
[Conference Report – Continuation, Capital, and Expansion Budget]
Items affecting public education only

F. Excellent Public Schools Act				
Excellent Public Schools Act	\$5,000,000	R	\$5,000,000	R
	\$13,578,841	NR		
Merit Pay for Teachers			\$10,200,000	R
Total Legislative Changes	(\$79,794,040)	R	(\$66,215,430)	R
	(\$37,170,068)	NR	\$3,219,222	NR
Revised Budget	\$7,867,960,649		\$8,048,101,622	
G. UNC System				
Opportunity Scholarships			\$10,000,000	R
Tuition Grant for NC Science & Math Students	(\$1,248,310)	R	(\$2,469,075)	R
National Board Certification Loan Program	(\$3,174,500)	R	(\$3,174,500)	R
H. Department of Health and Human Services				
NC Pre-K: 2,500 additional slots				
NC High School Athletic Association (NCHSAA)	(\$332,491)	R	(\$332,491)	R
I. Department of Juvenile Justice and Delinquency Prevention				
Safer Schools Initiative	\$311,572	R	\$311,572	R
	\$5,200	NR		
J. Justice & Public Safety				
Tarheel ChalleNGe	\$767, 719	R	\$767,719	R
K. Transportation				
Department of Public Instruction - Driver Education Program	(\$1,709,142)	R	(\$1,701,923)	R
State Health Plan	\$1,700,000	R	\$4,450,000	R
State Retirement System Contributions	\$1,121,000	R	\$1,121,000	R

2013 MONEY REPORT
[Conference Report – Continuation, Capital, and Expansion Budget]
Items affecting public education only

L. Reserves/Debt Service/Adjustments				
Severance Expenditure Reserve	\$16,000,000	NR		
State Retirement System Contributions	\$36,000,000	R	\$36,000,000	R
Reserve for Future Benefit Needs			\$56,400,000	R
State Health Plan	\$33,500,000	R	\$89,000,000	R
Unemployment Insurance Reserve	\$23,800,000	NR	13,600,000	NR
Reserve for Pending Legislation – <ul style="list-style-type: none"> • HB 269 – Children with Disabilities Scholarship Grants (Note: HB 112 Technical Corrections amended the appropriations for HB 269 to \$3,670,500 in FY 2013-14 and \$4,341,000 for FY 2014-15 in recurring funds. See Section 3.2 of HB 112.)	4,000,000	R	4,500,000	R

Summary of General Fund Appropriations						
Fiscal Year 2013-14						
2013 Legislative Session						
	Continuation Budget 2013-14	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	FTE Changes	Revised Appropriation 2013-14
Education:						
Community Colleges	1,037,430,475	(33,494,580)	17,359,572	(16,135,008)	2.50	1,021,295,467
Public Education	7,984,924,757	(79,794,040)	(37,170,068)	(116,964,108)	3.00	7,867,960,649
University System	2,709,551,807	(104,723,381)	(21,780,156)	(126,503,537)	0.00	2,583,048,270
Total Education	11,731,907,039	(218,012,001)	(41,590,652)	(259,602,653)	5.50	11,472,304,386
Health and Human Services:						
Central Management and Support	54,028,354	14,840,375	4,917,400	19,757,775	(6.00)	73,786,129
Aging and Adult Services	54,443,196	(300,855)	0	(300,855)	0.00	54,142,341
Blind and Deaf / Hard of Hearing Services	8,178,618	0	0	0	0.00	8,178,618
Child Development and Early Education	259,254,083	(1,590,625)	(3,348,849)	(4,939,474)	(14.00)	254,314,609
Health Service Regulation	16,761,992	(365,935)	0	(365,935)	10.00	16,396,057
Medical Assistance	3,069,576,810	391,202,327	1,170,982	392,373,309	0.00	3,461,950,119
Mental Health, Dev. Disabilities, & Sub. Abuse Services	706,797,747	(18,660,348)	11,398,203	(7,262,145)	0.00	699,535,602
NC Health Choice	80,131,026	(12,181,866)	0	(12,181,866)	0.00	67,949,160
Public Health	156,784,502	(6,605,500)	(6,024,915)	(12,630,415)	(15.00)	144,154,087
Social Services	170,629,904	(847,818)	4,826,346	3,978,528	0.00	174,608,432
Vocational Rehabilitation	39,284,143	(510,974)	0	(510,974)	0.00	38,773,169
Total Health and Human Services	4,615,870,375	364,978,781	12,939,167	377,917,948	(25.00)	4,993,788,323
Justice and Public Safety:						
Public Safety	1,722,061,784	(32,305,599)	27,137,210	(5,168,389)	(815.70)	1,716,893,395
Judicial	458,416,996	(1,990,744)	500,000	(1,490,744)	22.00	456,926,252
Judicial - Indigent Defense	114,505,898	(3,148,634)	3,772,159	623,525	(3.25)	115,129,423
Justice	77,773,575	785,351	1,167,197	1,952,548	18.00	79,726,123
Total Justice and Public Safety	2,372,758,253	(36,659,626)	32,576,566	(4,083,060)	(778.95)	2,368,675,193
Natural And Economic Resources:						
Agriculture and Consumer Services	108,918,334	4,291,568	1,875,800	6,167,368	15.00	115,085,702
Commerce	33,469,442	9,686,416	8,072,946	17,759,362	(2.17)	51,228,804
Commerce - State Aid	59,714,814	(46,669,609)	8,678,021	(37,991,588)	0.00	21,723,226
Environment and Natural Resources	109,140,591	40,086,720	4,810,000	44,896,720	64.57	154,037,311
Labor	16,196,339	500,000	0	500,000	0.00	16,696,339
Wildlife Resources Commission	18,476,588	(4,000,000)	(2,000,000)	(6,000,000)	0.00	12,476,588
Total Natural and Economic Resources	345,916,108	3,895,095	21,436,767	25,331,862	77.40	371,247,970

Summary of General Fund Appropriations						
Fiscal Year 2013-14						
2013 Legislative Session						
	Continuation Budget 2013-14	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	FTE Changes	Revised Appropriation 2013-14
General Government:						
Administration	68,316,992	270,692	(1,020,659)	(749,967)	5.10	67,567,025
Auditor	11,013,547	203,921	0	203,921	2.00	11,217,468
Cultural Resources	63,626,477	(721,380)	765,048	43,668	(2.00)	63,670,145
Cultural Resources - Roanoke Island	1,058,757	0	0	(608,757)	0.00	450,000
General Assembly	52,845,390	(334,499)	(422,905)	(757,404)	(3.60)	52,087,986
Governor	5,539,743	(369,693)	0	(369,693)	0.00	5,170,050
Housing Finance Agency	9,408,417	(120,000)	(876,785)	(996,785)	0.00	8,411,632
Insurance	38,454,593	(460,589)	0	(460,589)	(9.00)	37,994,004
Insurance - Workers' Compensation Fund	2,623,654	(2,623,654)	0	(2,623,654)	0.00	0
Lieutenant Governor	444,047	231,042	6,000	237,042	3.00	681,089
Office of Administrative Hearings	4,335,464	571,241	334,938	906,179	5.00	5,241,643
Revenue	80,031,575	864,883	102,460	967,343	11.00	80,998,918
Secretary of State	11,845,185	(270,002)	0	(270,002)	(3.00)	11,575,183
State Board of Elections	5,213,445	88,928	0	88,928	1.52	5,302,373
State Budget and Management	6,951,706	500,000	0	500,000	0.00	7,451,706
State Budget and Management -- Special	49,000	(29,000)	4,892,000	4,863,000	0.00	4,912,000
State Controller	29,279,290	(568,599)	0	(568,599)	0.00	28,710,691
Treasurer - Operations	6,851,090	175,215	1,111,585	1,286,800	(1.00)	8,137,890
Treasurer - Retirement / Benefits	23,179,042	0	0	0	0.00	23,179,042
Total General Government	421,067,414	(3,200,251)	4,891,682	1,691,431	9.02	422,758,845
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	707,080,339	500,295	0	500,295	0.00	707,580,634
Federal Reimbursement	1,616,380	0	0	0	0.00	1,616,380
Subtotal Debt Service	708,696,719	500,295	0	500,295	0.00	709,197,014
Statewide Reserves:						
Salary Adjustment Reserve	0	7,500,000	0	7,500,000	0.00	7,500,000
State Health Plan Contribution	0	33,500,000	0	33,500,000	0.00	33,500,000
State Retirement System Contributions	0	36,000,000	0	36,000,000	0.00	36,000,000
Judicial Retirement System Contributions	0	1,000,000	0	1,000,000	0.00	1,000,000
Eugenics Sterilization Compensation Fund	0	0	10,000,000	10,000,000	0.00	10,000,000
Severance Reserve	0	0	16,000,000	16,000,000	0.00	16,000,000
Statewide Compensation Study	0	0	1,000,000	1,000,000	0.00	1,000,000

Summary of General Fund Appropriations							
Fiscal Year 2013-14							
2013 Legislative Session							
	Continuation Budget 2013-14	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	FTE Changes	Revised Appropriation 2013-14	
Firemen's and Rescue Squad Workers' Pension Fund	0	(820,000)	0	(820,000)	0.00	(820,000)	
Information Technology Fund	6,053,142	1,417,515	1,582,485	3,000,000	0.00	9,053,142	
Information Technology Reserve Fund	0	5,635,000	22,365,000	28,000,000	33.00	28,000,000	
NC Government Efficiency and Reform Project	0	0	2,000,000	2,000,000	0.00	2,000,000	
One North Carolina Fund	9,000,000	0	0	0	0.00	9,000,000	
Unemployment Insurance (UI) Reserve	0	0	23,800,000	23,800,000	0.00	23,800,000	
Reserve for Escheat Fund Global TransPark Debt Repayment	0	0	27,000,000	27,000,000	0.00	27,000,000	
Reserve for Pending Legislation	0	4,000,000	0	4,000,000	0.00	4,000,000	
Reserve for Voter ID	0	1,000,000	0	1,000,000	0.00	1,000,000	
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000	
Job Development Investment Grants (JDIG)	27,400,000	24,423,772	0	24,423,772	0.00	51,823,772	
Subtotal Statewide Reserves	47,453,142	113,656,287	103,747,485	217,403,772	33.00	264,856,914	
Total Reserves and Debt Service	756,149,861	114,156,582	103,747,485	217,904,067	33.00	974,053,928	
Total General Fund for Operations	20,243,669,050	225,158,580	134,001,015	359,159,595	(679.03)	20,602,828,645	
Capital Improvements							
Water Resources Projects	0	0	11,522,000	11,522,000		11,522,000	
Other Capital Improvements	0	0	16,417,000	16,417,000		16,417,000	
Total Capital Improvements	0	0	27,939,000	27,939,000		27,939,000	
Total General Fund Budget	20,243,669,050	225,158,580	161,940,015	387,098,595	(679.03)	20,630,767,645	

Summary of General Fund Appropriations							
Fiscal Year 2014-15							
2013 Legislative Session							
	Continuation Budget 2014-15	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Legislative Adjustments Net Changes	FTE Changes	Revised Appropriation 2014-15	
Education:							
Community Colleges	1,037,430,475	(21,494,580)	551,572	(20,943,008)	2.50	1,016,487,467	
Public Education	8,111,097,830	(66,215,430)	3,219,222	(62,996,208)	3.00	8,048,101,622	
University System	2,737,874,470	(142,472,761)	4,500,000	(137,972,761)	6.00	2,599,901,709	
Total Education	11,886,402,775	(230,182,771)	8,270,794	(221,911,977)	11.50	11,664,490,798	
Health and Human Services:							
Central Management and Support	54,718,515	20,400,758	1,182,055	21,582,813	(6.00)	76,301,328	
Aging and Adult Services	54,443,196	(100,855)	0	(100,855)	0.00	54,342,341	
Blind and Deaf / Hard of Hearing Services	8,178,618	0	0	0	0.00	8,178,618	
Child Development and Early Education	259,254,083	(1,590,625)	(3,348,849)	(4,939,474)	(14.00)	254,314,609	
Health Service Regulation	16,761,992	(350,513)	0	(350,513)	10.00	16,411,479	
Medical Assistance	3,083,576,810	524,542,281	0	524,542,281	0.00	3,608,119,091	
Mental Health, Dev. Disabilities, & Sub. Abuse Services	706,797,747	(18,660,348)	16,848,589	(1,811,759)	0.00	704,985,988	
NC Health Choice	80,131,026	(22,383,093)	0	(22,383,093)	0.00	57,747,933	
Public Health	156,784,502	(16,818,000)	1,975,085	(14,842,915)	(175.00)	141,941,587	
Social Services	170,629,904	1,102,182	4,826,346	5,928,528	0.00	176,558,432	
Vocational Rehabilitation	39,284,143	(510,974)	0	(510,974)	0.00	38,773,169	
Total Health and Human Services	4,630,560,536	485,630,813	21,483,226	507,114,039	(185.00)	5,137,674,575	
Justice and Public Safety:							
Public Safety	1,732,859,184	(33,378,378)	(9,466,800)	(42,845,178)	(715.70)	1,690,014,006	
Judicial	458,416,996	(1,990,744)	0	(1,990,744)	22.00	456,426,252	
Judicial - Indigent Defense	114,505,898	(3,148,634)	0	(3,148,634)	(3.25)	111,357,264	
Justice	80,773,575	1,535,351	0	1,535,351	18.00	82,308,926	
Total Justice and Public Safety	2,386,555,653	(36,982,405)	(9,466,800)	(46,449,205)	(678.95)	2,340,106,448	
Natural And Economic Resources:							
Agriculture and Consumer Services	108,918,334	4,991,568	1,500,000	6,491,568	15.00	115,409,902	
Commerce	33,469,442	15,413,840	7,850,000	23,263,840	(3.17)	56,733,282	
Commerce - State Aid	61,954,814	(50,330,047)	4,000,000	(46,330,047)	0.00	15,624,767	
Environment and Natural Resources	109,220,682	48,736,554	(190,000)	48,546,554	49.57	157,767,236	
Labor	16,196,339	500,000	0	500,000	0.00	16,696,339	
Wildlife Resources Commission	18,476,588	(4,000,000)	0	(4,000,000)	0.00	14,476,588	
Total Natural and Economic Resources	348,236,199	15,311,915	13,160,000	28,471,915	61.40	376,708,114	

Summary of General Fund Appropriations						
Fiscal Year 2014-15						
2013 Legislative Session						
	Continuation Budget 2014-15	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	FTE Changes	Revised Appropriation 2014-15
General Government:						
Administration	68,241,992	151,584	(1,346,543)	(1,194,959)	3.10	67,047,033
Auditor	11,013,547	203,921	0	203,921	2.00	11,217,468
Cultural Resources	63,629,480	(721,380)	100,000	(621,380)	(2.00)	63,008,100
Cultural Resources - Roanoke Island	1,058,757	(608,757)	0	(608,757)	0.00	450,000
General Assembly	52,845,390	(379,499)	(831,124)	(1,210,623)	(3.60)	51,634,767
Governor	5,541,825	(369,693)	0	(369,693)	0.00	5,172,132
Housing Finance Agency	9,408,417	(120,000)	(876,785)	(996,785)	0.00	8,411,632
Insurance	38,464,213	(460,589)	0	(460,589)	(9.00)	38,003,624
Insurance - Worker's Compensation Fund	2,623,654	(2,623,654)	0	(2,623,654)	0.00	0
Lieutenant Governor	444,047	231,042	0	231,042	3.00	675,089
Office of Administrative Hearings	4,350,431	571,699	105,000	676,699	5.00	5,027,130
Revenue	80,031,575	864,883	0	864,883	11.00	80,896,458
Secretary of State	11,845,185	(270,002)	0	(270,002)	(3.00)	11,575,183
State Board of Elections	5,213,445	302,294	177,505	479,799	3.52	5,693,244
State Budget and Management	7,034,217	500,000	0	500,000	0.00	7,534,217
State Budget and Management -- Special	49,000	(29,000)	1,500,000	1,471,000	0.00	1,520,000
State Controller	29,279,290	(568,599)	0	(568,599)	0.00	28,710,691
Treasurer - Operations	6,851,090	175,215	0	175,215	(1.00)	7,026,305
Treasurer - Retirement / Benefits	23,179,042	0	0	0	0.00	23,179,042
Total General Government	421,104,597	(3,150,535)	(1,171,947)	(4,322,482)	9.02	416,782,115
Statewide Reserves and Debt Service:						
Debt Service:						
Interest / Redemption	707,080,339	16,640,940	0	16,640,940		723,721,279
Federal Reimbursement	1,616,380	0	0	0		1,616,380
Subtotal Debt Service	708,696,719	16,640,940	0	16,640,940		725,337,659
Statewide Reserves:						
Salary Adjustment Reserve	0	7,500,000	0	7,500,000	0.00	7,500,000
State Health Plan Contribution	0	89,000,000	0	89,000,000	0.00	89,000,000
State Retirement System Contributions	0	36,000,000	0	36,000,000	0.00	36,000,000
Reserve for Future Benefit Needs	0	56,400,000	0	56,400,000	0.00	56,400,000
Judicial Retirement System Contributions	0	1,000,000	0	1,000,000	0.00	1,000,000
Firemen's and Rescue Squad Workers' Pension Fund	0	(820,000)	0	(820,000)	0.00	(820,000)
Information Technology Fund	6,053,142	1,417,515	3,000,000	4,417,515	0.00	10,470,657

Summary of General Fund Appropriations						
Fiscal Year 2014-15						
2013 Legislative Session						
	Continuation Budget 2014-15	Recurring Adjustments	Legislative Adjustments Nonrecurring Adjustments	Net Changes	FTE Changes	Revised Appropriation 2014-15
Information Technology Reserve Fund	0	7,820,000	23,762,485	31,582,485	44.00	31,582,485
NC Government Efficiency and Reform Project	0	0	2,000,000	2,000,000	0.00	2,000,000
One North Carolina Fund	9,000,000	0	0	0	0.00	9,000,000
Unemployment Insurance (UI) Reserve	0	0	13,600,000	13,600,000	0.00	13,600,000
Reserve for Pending Legislation	0	4,500,000	0	4,500,000	0.00	4,500,000
Reserve for Voter ID	0	1,000,000	0	1,000,000	0.00	1,000,000
Contingency and Emergency Fund	5,000,000	0	0	0	0.00	5,000,000
Job Development Investment Grants (JDIG)	27,400,000	35,645,357	0	35,645,357	0.00	63,045,357
					0.00	
Subtotal Statewide Reserves	47,453,142	239,462,872	42,362,485	281,825,357	44.00	329,278,499
Total Reserves and Debt Service	756,149,861	256,103,812	42,362,485	298,466,297	44.00	1,054,616,158
Total General Fund for Operations	20,429,009,621	486,730,829	74,637,758	561,368,587	(738.03)	20,990,378,208
Capital Improvements						
National Guard Projects	0	0	3,250,000	3,250,000		3,250,000
Samarkand Training Facility	0	0	5,173,000	5,173,000		5,173,000
Total Capital Improvements	0	0	8,423,000	8,423,000		8,423,000
Total General Fund Budget	20,429,009,621	486,730,829	83,060,758	569,791,587	(738.03)	20,998,801,208

2013 Report on Education Legislation – Summary of Special Provisions

Senate Bill 402

SESSION LAW 2013-360

<http://www.ncleg.net/Sessions/2013/Bills/Senate/PDF/S402v7.pdf>

Appropriations Act of 2013

Effective July 1, 2013, except as otherwise provided in SL 2013-360

(Please see reports by the Department of Public Instruction (DPI) and its Financial & Business Services Division for funding-related requirements. <http://www.ncpublicschools.org/fbs/budget/>. Also, for complete language on each budget provision summarized below, please see the Session Law 2013-360 link in the above title or the tab in this Report entitled, “Budget Bill Excerpts.” *Listings below only include excerpts involving K-12 public education.*)

PART 5: OTHER APPROPRIATIONS

5.2 Other Receipts from Pending Grant Awards

Sets forth requirements for state agencies’ receipt and expenditure of grant funds with approval from the Director of the Budget. Places restrictions on state agencies in accepting grants unanticipated in the budget.

5.3 Civil Penalty and Forfeiture Fund

Appropriations from the Civil Penalty and Forfeiture Fund as follows:

	FY 2013-14	FY 2014-15
1. School Technology Fund	\$ 18,000,000	\$ 18,000,000
2. State Public School Fund	\$163,392,921	\$120,362,790
3. Total Appropriation*	\$181,392,921	\$138,362,790

(*Total receipts that support the State Public School Fund in lieu of General Fund appropriation.)

Excess receipts in the Civil Penalty and Forfeiture Fund in FY 2012-2013 are appropriated to the State Public School Fund for FY 2013-2014. Excess receipts in the Civil Penalty and Forfeiture Fund in FY 2013-2014 are allocated to the School Technology Fund for FY 2014-2015.

5.4 Indian Gaming Education Revenue Fund

Appropriates \$3,000,000 for FY 2013-2014 and \$3,500,000 for FY 2014-2015 from the Indian Gaming Education Revenue Fund to DPI, School Technology Fund.

PART 6: GENERAL PROVISIONS

6.11 Revise Public School Building Capital Fund/Appropriate Education Lottery Funds

6.11(a) Revises G.S. 115C-546.1(a) to read as follows: “There is created the Public School Building Capital Fund. The Fund shall be used to assist county governments in meeting their public school building capital needs ~~and their equipment needs under their local school technology plans.~~”

6.11(b) Revises 115C-546.2 to require that funds from the Education Lottery Fund to the Public School Building Capital Fund be allocated for school capital construction projects on a per average daily membership (ADM) basis as determined by the State Board of Education (SBE). Deletes the former 65-

35% split. Allows SBE to use up to \$1,500,000 each year to support positions in DPI's Support Services Division.

6.11(c) Revises G.S. 18C-164 to, among other things, have the General Assembly appropriate the remaining net revenue of the Education Lottery Fund annually in the Current Operations Appropriations Act for education-related purposes, based upon estimates from the Office of State Budget and Management (OSBM) and the Fiscal Research Division of the Legislative Services Commission (rather than the former 50-40-10% ratio). This became effective June 30, 2013.

6.11(d) Revises G.S. 115C-499.3(b) to change the State Education Assistance Authority's determination of actual scholarship amounts disbursed to students to be based on the amount of funds appropriated from the Education Lottery Fund (rather than the net income available under Chapter 18C of the General Statutes).

6.11(e) Sets the 2013-15 appropriations from the Education Lottery Fund as follows:

	<u>FY 2013-2014</u>	<u>FY 2014-2015</u>
Classroom Teachers	\$220,643,188	\$ 220,643,188
Pre-Kindergarten Program	75,535,709	75,535,709
Public School Building Capital Fund	100,000,000	100,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
UNC Need-Based Financial Aid FFR	32,530,359	19,130,728
Digital Learning	11,928,735	11,928,735
TOTAL APPROPRIATION	\$481,832,724	\$468,433,093

6.11(g) Funds appropriated for Digital Learning shall be used to support grants to local education agencies (LEAs) for (i) delivering educator professional development focused on using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students, and (ii) acquiring quality digital content to enhance instruction.

Up to one million dollars (\$1,000,000) may be used by DPI to (i) develop a plan to transition from funding for textbooks, both traditional and digital, to funding for digital materials, including textbooks and instructional resources, and (ii) provide education resources that remain current, are aligned with curriculum, and are effective for all learners by 2017. The plan shall also include an inventory of the infrastructure needed to support robust digital learning in public schools.

PART 7: INFORMATION TECHNOLOGY

7.4 Information Technology Operations

Section 7.4(b) "Hosting/Backups" requires the State Chief Information Officer (CIO) to work with state agencies on a plan to ensure that any state agency application hosted by a vendor is backed up on state-owned infrastructure.

7.6 Public School Procurement of Information Technology

The CIO shall work with DPI and the Governor's Education Council to implement "public school cooperative purchasing agreements" for IT goods and services. These agreements are available for LEAs, regional schools, charter schools and others to leverage economies of scale and reduce costs for IT purchases. Also, these agreements must follow state IT procurement laws, rules and procedures.

For further changes to state agency IT contracting, new authority granted to the state CIO, data sharing and security, among other state IT issues, please see Section 7 in its entirety.

PART 8: PUBLIC SCHOOLS

8.1 Funds for Children with Disabilities

Sets per-child allotment for children with disabilities at \$3,743.45 for FY 2013-2014. Sets this LEA allotment at the lesser of the following: (1) all children who are identified as children with disabilities, or (2) 12.5% of the LEAs 2013-2014 allocated ADM.

8.2 Funds for Academically Gifted Children

Sets per-child allotment for academically or intellectually gifted children at \$1,233.01 for FY 2013-2014 and FY 2014-2015. An LEA shall receive funds for a maximum of 4% of its 2013-2014 allocated ADM.

8.3 Use of Supplemental Funding in Low-Wealth Counties

Counties that have an armed forces base and an ADM greater than 23,000 are held at the 2012-2013 funding level (affects Cumberland and Onslow Counties only). HB 112 Technical Corrections enacted a return to the traditional nonsupplant language: “less than 95% of the average of local current expense appropriations....”

[\$15,526,391 reduced from Low-Wealth Supplemental Funding budget, does not affect the allotments to the individual LEAs]

8.4 Small School System Supplemental Funding

No additional counties included. Reduction in other allotments will affect the small school system allotment. HB 112 Technical Corrections enacted a return to the traditional nonsupplant language: “less than 95% of the average of local current expense appropriations....”

[\$949,694 reduced from Small School System budget, does not affect the allotments to the individual LEAs.]

8.5 Disadvantaged Student Supplemental Funding (DSSF)

Maintains same language for DSSF as in past years.

8.6 Budget Reductions/DPI

DPI may reorganize, if necessary, to implement the budget reductions (\$780,491), after consultation with the Office of State Budget and Management and the Fiscal Research Division of the General Assembly. DPI shall provide a current organization chart and report to the Joint Legislative Commission on Governmental Operations on any reorganization.

8.7 Litigation Reserve Funds

SBE may spend up to \$500,000 each year for 2013-2014 and 2014-2015 fiscal years from unexpended funds for licensed employees’ salaries to pay expenses related to litigation.

8.8 Uniform Education Reporting System (UERS) Funds

Effective June 30, 2013, UERS funds shall not revert through the 2014-2015 fiscal year.

8.9 Revise NC Virtual Public Schools (NCVPS) Cost Calculation Date

No later than February 28 of each year, SBE shall calculate the actual instructional cost for each LEA and charter school based on actual NCVPS enrollment as of that date.

8.10 NC Center for the Advancement of Teaching (NCCAT)

The General Assembly intends to review NCCAT to determine whether to continue, reduce, or eliminate funding. NCCAT must report required information to the Fiscal Research Division by February 1, 2014. (See also, Money Report: Changes the \$3,219,222 recurring reduction to non-recurring.)

8.11 School Bus Replacement

Revises G.S. 115C-249, adding new language under new section (c1) that SBE shall give highest priority to safety concerns in determining which school buses are to be replaced and setting forth the following new requirements:

1. A bus is eligible for replacement based on its age and mileage when it is either 20 years old by model year or has been operated for 250,000 miles, except that:
 - a. A bus operated for less than 150,000 miles is not eligible for replacement regardless of its model year.
 - b. A bus less than 15 years old by model year is not eligible for replacement until the bus has been operated for 300,000 miles.
2. SBE may authorize replacement of up to 30 buses each year due to safety concerns.
3. An LEA shall receive an incentive of up to \$2,000 for each bus that it continues to operate, even though the bus is eligible for replacement, until the bus is 23 years old by model year. The LEA can use these funds for additional maintenance costs of operating buses with a higher mileage or for another school purpose.

For the 2013-2015 biennium, state funds shall be used, at an LEA's request, to replace all buses that are 20 years old by model year and all other buses eligible for replacement under the new requirements in this section. Reduction in funding for school bus replacement: FY 2013-2014 (\$29,823,055); FY 2014-2015 (\$39,102,605).

(See also, Money Report: \$690,000, recurring funding, for 2 school bus stop arm cameras for all LEAs.)

8.13 EVAAS School Performance Grades

SBE is not subject to requirements for state IT contracts under Section 7.7(c) for the development of school performance scores and grades.

8.14 LEA Budgetary Flexibility

Revises G.S. 115C-105.25 to codify the budgeting flexibility an LEA has among allotment categories as follows:

- 1a) Exceptional Children and Career & Technical Education transfers are limited by federal regulations and SBE policy;
- 3) No funds shall be transferred into central office allotment;
- 5a) Classroom teachers may be converted to international exchange teachers at the statewide average salary;
- 5b) Classroom teachers and instructional support may be converted at the A-00 step;
- 5c) Principals may be converted at the first step of PIII. Assistant principals at AP00;
- 10) Funds to carry out Read to Achieve from the 2012 Excellent Public Schools Act shall not be transferred.

This flexibility essentially codifies the emergency rules that SBE adopted in 2009. LEAs are now required to publish on their websites a description of each program report code, object code, allotment transfer that changed the initial allotment by more than 5%, and the educational priorities that required the transfer by October 15th of each year. (Note: Based on HB 112 Technical Corrections, Section 3.3, grades 4-12 now have no class size restrictions under the revised G.S. 115C-301).

8.15 Residential Schools

Prohibits transfers of any school-based personnel from these schools to central office administrative positions. Requires DPI to retain all proceeds generated from the rental of the building spaces in these schools and use these proceeds to staff and operate the schools and not use them for administration functions within DPI.

8.16 Excellent Public Schools Act/Summer Reading Camps

The funds appropriated for Summer Reading Camps under Read to Achieve for the 2013-2015 fiscal biennium will not revert, but will remain available until expended.

8.17 Participation in Communities in Schools Learning Initiative

Students enrolled in the Reads for Summer Learning Initiative which is conducted with Communities in Schools of NC, Inc., shall be exempt from the mandatory third-grade retention requirements set forth in G.S. 115C-83.7 and 115C-238.29F. However, if these students are still in need of further intervention, then an LEA, with the parent/guardian's consent, can place the child in a summer reading program. This section expires at the end of the 2014-2015 school year.

8.18 Instructional Improvement System

SBE must establish a not-to-exceed \$4.00 per ADM cost for LEAs and charter schools that participate in the optional portions of the Home Base Instructional Improvement System. LEAs and charter schools can identify budget reductions to State Public School Fund allotments to cover this cost. If the funds generated by this cost are insufficient, then SBE may use funds appropriated to DPI or State Aid for Public Schools for this purpose. If, however, said funds exceed the cost of the optional portions, then these funds will not revert and must be used to reduce the per-student cost in subsequent years. This section becomes effective July 1, 2014.

8.19 Study of GPA Calculations

The Joint Legislative Education Oversight Committee (JLEOC) shall study SBE's policy on calculating grade point averages and class ranks on high school transcripts, especially the weights for courses taken through community colleges, and independent colleges and universities. JLEOC shall report back to the General Assembly before May 14, 2014, the beginning of the 2014 Session.

8.20 Regional School Boards

Revises 115C-238.63(a)(3) as follows:

~~"Economic development region. Business community. – The Economic Development Regional Partnership for the economic development region~~ board of directors for the chamber of commerce of the county in which the regional school is located, in consultation with the North Carolina Economic Developers Association, shall appoint at least three members as representatives of the business community. At least fifty percent (50%) of the members of the board of directors for the regional school

shall be representatives of the business community appointed in accordance with this subdivision. At least one of the appointees shall be a resident of the county in which the regional school is located. The appointees shall serve an initial term of two years. Subsequent appointees shall serve a term of four years.”

8.21 Teach for America Expansion and NC Teacher Corps

Teach for America, Inc. (TFA) must use a portion of the funds available to it (\$5.1 million in FY 2013-2014 and \$5.1 million in FY 2014-2015) to recruit, train, support, and retain teachers to work in NC public schools. TFA must leverage state funds to raise additional funding to expand its current programs and initiate new programs, such as:

1. Establish a Piedmont Triad region program and expand current Southeast region program.
2. Establish new “Teach Back Home” program.
3. Establish new “Teach Beyond Two” and “Make it Home” programs.
4. Increase recruitment of STEM, lateral entry and military veteran candidates.

SBE is authorized to contract for the administration of the NC Teacher Corps and shall enter into said contract with TFA, effective July 1, 2014. TFA may also use its funds in the 2013-2014 fiscal year to recruit NC Teacher Corps members for the 2014-2015 school year. SBE must provide ongoing support to NC Teacher Corps members placed in NC public schools for the 2012-2013 and 2013-2014 school years.

8.22 Phase Out Certain Teacher Salary Supplements

Precludes teachers and instructional support personnel (except for certified school nurses and others for which a master’s degree is required for licensure, such as media coordinators, guidance counselors, speech language pathologists, psychologists and audiologists) from receiving the supplemental master’s pay, supplemental 6-year degree pay or doctoral degree pay, in the 2014-2015 school year unless they were paid that supplement prior to the 2014-2015 school year.

8.23 Public-Private Partnerships for the Read to Achieve Program

LEAs must consider using public-private partnerships in implementing the Read to Achieve Program. DPI may recommend nonprofit organizations with relevant expertise and resources.

8.25 Investing in Innovation Grant

Authorizes the following LEAs to offer one community college course to participating 10th graders in the federal Investing in Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools awarded to the NC New Schools Project for 2012-2017: Alleghany, Beaufort, Hertford, Jones, Madison, Richmond, Rutherford, Surry, Warren, Wilkes, and Yancey County Schools. The NC New Schools Project must report on the implementation of the grant to SBE and other entities by March 15, 2014.

8.27 Broaden Successful Participation in Advanced Courses

Public school students enrolled in advanced courses (i.e., Advanced Placement (AP) or International Baccalaureate Diploma Programme (IB) courses) will be exempt from paying exam and registration fees for these courses, to the extent funds are made available (\$10.8 million in FY 2014-2015 for fees only; \$1.5 million/year in FY 2013-2014 and FY 2014-2015 for the implementation and administration of the new program, including substantive professional development for teachers, administrators and counselors). A new section of the General Statutes is created: “115C-83.4A Advanced courses.” LEAs

shall provide information to students and parents on the opportunities and value in advanced courses. LEAs shall ensure that all high school students have access to advanced courses in language arts, math, science and social studies, where access may be provided through courses run by the NC Virtual Public School.

SBE must seek a partner, such as the College Board, to form the NC Advanced Placement Partnership, to: 1) assist in improving college readiness of high school students; and 2) assist high schools in ensuring that students have access to AP courses. This Partnership must report annually to DPI. Beginning on October 1, 2014, SBE shall report annually to JLEOC on advanced courses in the state.

Revises G.S. 115C-174.18 to read: Opportunity to take Preliminary Scholastic Aptitude Test. Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT).

Every student in the eighth through tenth grades who has completed Algebra I or who is in the last month of Algebra I shall be given an opportunity to take a version of ~~the Preliminary Scholastic Aptitude Test (PSAT)~~ either the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the ACT, at the discretion of the local school administrative unit, one time at State expense-no cost to the student. The maximum amount of State funds used for this purpose shall be the cost of the PSAT/NMSQT."

Adds the following new sentence at the end of G.S. 115C-12(9)c1: "The annual "report card" for high schools shall also include measures of Advanced Placement course participation and International Baccalaureate Diploma Programme participation and Advanced Placement and International Baccalaureate examination participation and performance."

8.28 Increase Successful Career and Technical Education (CTE) Participation

Adds new subdivision to 115C-12: "(41) To Establish Career and Technical Education Incentives. The State Board of Education shall establish, implement, and determine the impact of a career and technical education incentive program as provided under G.S. 115C-156.2."

Adds a new section 115C-156.2 to the General Statutes entitled, "Industry certifications and credentials program." This new law, beginning the 2013-2014 school year, exempts students from paying fees for one administration of exams leading to industry certifications and credentials based on rules adopted by SBE. The Department of Commerce shall provide SBE with a list of occupations in high need of additional skilled employees. LEAs shall consult with their local communities to identify viable industry certifications and credentials to meet workforce needs. SBE shall report to JLEOC by September 1, 2014, on the number of students in CTE courses who earned community college credit and related industry certifications and credentials.

8.29 Opportunity Scholarships

Beginning the 2014-2015 school year, "scholarship grants" up to \$4,200/year per eligible student will be available to those attending private nonpublic schools, where the State Education Assistance Authority (SEAA) begins to award such grants no later than March 1, 2014. This law creates a new "Part 2A. Scholarship Grants" in the existing Article 39 "Nonpublic Schools" of Chapter 115C of the General Statutes.

A student is eligible in the 2014-2015 school year if the student:

1. Is a full-time student who has not yet received a high school diploma;
2. Is assigned to and attending a public school during the 2014 spring semester; and
3. Resides in a household with an income level not in excess of 100% of the free or reduced-price lunch program level (which means that the income is equal to or less than 185% of the federal poverty level (2013/Family of 4: \$43,568 or less)).

A student is eligible in the 2015-2016 school year if the student:

1. Has not yet received a high school diploma;
2. Resides in a household with an income level not in excess of 133% of the free or reduced-price lunch program level (which means that the income is equal to or less than 246% of the federal poverty level (2013/Family of 4: \$57,945)); and
3. Meets only one of the following criteria:
 - a. Was a full-time student assigned to and attending a public school during the previous semester;
 - b. Received a scholarship grant during the previous school year;
 - c. Is entering either kindergarten or the 1st grade;
 - d. Is a child in foster care; or
 - e. Is a child whose adoption decree was entered not more than 1 year prior to submission of the scholarship grant application.

There are priority rules established for the SEAA to follow in awarding these grants and it may seek verification of eligibility on any applicant. There are mandatory obligations of any nonpublic school that accepts students receiving the grants, such as administering and keeping record of a nationally standardized test or other equivalent measurement and reporting of aggregate test performance data. By September 1 of each year, SBE must determine the amount of the reduction for each LEA based on the number of students who have received the grants multiplied by the per pupil allocation for ADM. (For example, the Money Report estimates in 2014-2015 a reduction of \$11,797,941 from the General Fund to reflect the anticipated decrease in public school students resulting from these grants).

8.30 Repeal Requirement that Schools Provide Reading Workshops for Parents of Students Who Have Been Retained

Repeals G.S. 115C-83.8(d).

8.31 Task Force to Study Teacher and School Administrator Effectiveness and Compensation

Establishes the NC Educator Effectiveness and Compensation Task Force, comprised of 18 members, which must make recommendations on whether to: 1) create a statewide model of incentives to encourage the recruitment and retention of highly effective educators, and 2) consider the transition to an alternative compensation system for educators. One of the many factors to be considered is the correlation to annual student growth and performance data, evaluations, effectiveness levels, and a 3-year average of student growth. \$62,000 is appropriated for FY 2013-2014.

8.34 Education and Workforce Innovation Program

The Education and Workforce Innovation Program is established to “foster innovation in education that will lead to more students graduating career and college ready.” Based on appropriations of \$2 million for each FY 2013-2014 and FY 2014-2015, competitive grants will be awarded to schools, LEAs or

regional partnerships to advance high-quality education that equips teachers with the knowledge and skill required to succeed with all students. There is a matching requirement imposed upon grant applicants where 25% of program costs must come from local funds and another 25% from private funds. The Commission will be comprised of 11 members and must publish an annual report to include the following: 1) how funds and personnel resources are utilized and their impact on student achievement, retention, and employability; 2) recommended statutory and policy changes; and 3) recommendations for program improvements. The Commission must also determine the most efficient way to fund dual enrollment for high school students in college coursework. (HB 211, Technical Corrections bill, moved this Commission to the Office of the Governor.)

8.35 School Psychologists, School Counselors, and School Social Workers

Creates a new statute 115C-316.1, “Duties of school counselors,” mandating that counselors spend at least 80% of their work time providing “direct services” to students. “Direct services” do not include the coordination of standardized testing, but do include the following:

1. Delivering the school guidance curriculum;
2. Guiding individual student planning;
3. Providing responsive services to students, families and staff;
4. Performing other student services as listed in DPI’s job description.

The remaining percentage of their time shall be spent on school counseling program support activities, management and operations, which again do not include the coordination of standardized testing. SBE shall develop and distribute guidelines to all LEAs to assist with implementation.

8.36 Grants for School Resource Officers in Elementary and Middle Schools

Establishes grants to LEAs, regional schools and charter schools for School Resource Officers (SROs) in elementary and middle schools with a 2:1 state-to-local match in funds. Appropriations of \$7 million in recurring funds are established for this purpose. SBE must include need-based considerations in its criteria for awarding these grants.

8.37 Panic Alarm Systems

Establishes grants for panic alarm systems to be awarded to LEAs, regional schools and charter schools. The 2:1 state-to-local match in funds applies again with a total recurring appropriation of \$2 million. Revises 115C-47(40) to mandate (rather than suggest) that LEAs coordinate with local law enforcement agencies to adopt emergency response plans. Effective July 1, 2015, every public school must have a panic alarm system that connects with the nearest local law enforcement agency.

8.38 School Safety Exercises

Creates a new statute 115C-105.49, “School safety exercises,” encouraging the following as part of an LEA’s emergency response plan: 1) LEAs to hold a full systemwide school safety and school lockdown exercise with local law enforcement at least every 2 years; and 2) individual schools to hold a full schoolwide school safety and lockdown exercise with local law enforcement at least once a year.

8.39 Schematic Diagrams of School Facilities

In the 2013-2014 school year, each LEA with schematic diagrams of its school facilities shall provide them to local law enforcement, must provide updates when substantial modifications are made, and must provide keys to the main entrance of all such facilities to law enforcement. If no diagrams exist, LEAs are encouraged to have them prepared and provide keys to main entrances to law enforcement before the

beginning of the 2014-15 school year. Any LEA without schematic diagrams must report to DPI by March 1, 2014, on whether it intends to prepare them. DPI, with the Department of Public Safety (DPS), may develop standards and guidelines to assist LEAs.

8.40 Anonymous Tip Line

Adds a new statute, G.S. 115C-105.51, which encourages LEAs to develop and operate anonymous tip lines with local law enforcement to receive anonymous information on risks to school buildings and school activities. DPI, in consultation with DPS, may develop standards and guidelines for these tip lines. DPI may also provide information to LEAs on available federal, state, local and private grants for this purpose.

8.41 School Safety Component of School Improvement Plans

Revises G.S. 115C-105.27 and adds new language subjecting school improvement team meetings to Open Meetings and Public Records law, except for school safety components of the plan. The local superintendent must review these components, make written recommendations to the local board of education, and the board must make findings on these components; however, neither the components nor the findings are to be included in the minutes of the board. Effective beginning the 2013-2014 school year.

8.42 Crisis Kits

Adds a new statute, G.S. 115C-105.52, on school crisis kits. DPI, in consultation with DPS through the NC Center for Safer Schools, may develop policies on the placement of school crisis kits and on the contents of the kits which should include 1) basic first-aid supplies; 2) communications devices; and 3) other items recommended by the International Association of Chiefs of Police. The principal may place such kits at the school, in coordination with law enforcement.

8.43 School Safety for Charter Schools and Regional Schools

Amends: 1) 115C-238.29F on charter schools to add a new section (al); and 2) 115C-238.66 on regional schools to add a new section (7a). Both new sections encourage these schools to:

1. Adopt an emergency response plan, which is not a public record; and
2. Provide schematic diagrams and keys to the main entrance to law enforcement.

8.44 Emergency and Crisis Training

DPS, through the NC Center for Safer Schools, with DPI and the Department of Justice, is encouraged to develop school emergency and crisis training modules for school employees and to provide them to schools as soon as practicable.

8.45 Volunteer School Safety Resource Officer Program

Creates a new volunteer school safety resource officer (SRO) program where LEAs may enter into an agreement with the sheriff or chief of police to provide security at schools by assigning a volunteer SRO who meets the selection standards and criteria developed by the head of the appropriate local law enforcement agency. The sheriff or chief of police is responsible for the assignment and supervision of any volunteer SRO and there is no liability for good-faith action taken by law enforcement, the volunteer SRO or school employees. The new program makes conforming changes to the following statutes: G.S. 14-269.2(a) & (g); 115C-47; 160A-282(c); 162-26; and 160A-288.4. Effective December 1, 2013.

Irrespective of whether the volunteer SRO reports to the local sheriff or police chief, the SRO must:

1. Have prior experience as a sworn law enforcement officer; or
2. Have at least 2 years of experience as military police officer, and if no longer in the armed forces, have had an honorable discharge.
3. Receive training on research into the social and cognitive development of children;
4. Report to the sheriff, police chief or designee;
5. Have updated or renewed the certification by the applicable state Education and Training Standards Commission (except does not have to meet the Commission's physical standards);
6. Have a standard medical exam to ensure good health.

8.46 Information Technology Oversight Capacity

Establishes 2 new positions within DPI to increase the information technology oversight capacity: 1) Chief Information Officer; and 2) Project Management Officer.

8.48 Study Virtual Charter Schools

SBE shall study and determine needed modifications for authorization and oversight of virtual charter schools, including the following: 1) application requirements; 2) enrollment growth; and 3) funding allocations. By February 1, 2014, SBE shall present draft rules and proposed statutory changes to JLEOC.

8.49 Pilot Program to Raise the High School Dropout Age from 16 to 18

SBE shall authorize Hickory Public Schools and Newton-Conover City Schools to implement a pilot program to increase the high school dropout age from 16 to the completion of the school year coinciding with the calendar year in when a student reaches 18 years of age, after the receipt of a joint resolution to this effect from the 2 school boards. These LEAs and SBE must report to JLEOC and House and Senate Education Appropriations Committees by January 1, 2016.

PART 9: THE EXCELLENT PUBLIC SCHOOLS ACT OF 2013

9.1 State Employee Literacy Volunteer Leave Time

Revises G.S. 126-4 to add a new subsection (5b) providing for a leave program that allows state employees to volunteer in a literacy program in a public school for up to 5 hours/month, subject to the approval of the Governor.

9.2 Maximize Instructional Time

Revises G.S. 115C-174.12(a) to: 1) remove the option for school improvement teams to vote to expand the number of field tests beyond 2 at any one grade level during the school year; and 2) require that all final exams must be in either the last 10 instructional days for year-long courses or within the final 5 instructional days of the semester for semester courses with limited exceptions. Effective beginning the 2013-2014 school year.

9.3 Strengthen Teacher Licensure and Modify Licensure Fees

Revises several components of G.S. 115C-296 “Board sets licensure requirements; reports; lateral entry and mentor programs” including the following:

1. Increases flexibility in teacher licensure fees, but the fees shall not exceed the costs of services. SBE must report by March 15 within the year of when the fees have been modified.
2. Continuing licensure standards shall include 8 continuing education credits (CEUs) where at least 3 of those CEUs are in a teacher’s subject area. Effective 2013-2014 school year.
3. Sets a new minimum score for undergraduate students seeking an education degree: a) minimum combined verbal and math score for the SAT: 1,100 or greater; or b) minimum composite score on the ACT: 24 or greater. Effective 2013-2014 school year.
4. Requires K-6 and special education general curriculum teachers to also achieve a minimum score on standard exams for teaching reading and math. Effective 2014-2015 school year.
5. Continuing licensure for elementary and middle school teachers shall include at least 3 CEUs related to literacy. Effective 2014-2015 school year.
6. Adds new subset to standards for approval of teacher education programs for reading competencies for elementary and special education general curriculum college students. Effective 2014-2015 school year.
7. SBE to report to JLEOC by March 15, 2014, on schools of education and their report cards.

9.4 School Performance Grades (or “A-F”)

Delays the issuance of these grades for 1 year until on or after August 1, 2014. Creates a new statute, 115C-83.11 “School achievement, growth, performance scores, and grades.” SBE must calculate the school achievement scores and the school growth scores based on the designated list of achievement indicators. SBE must calculate the school performance scores as follows:

1. For schools not meeting or exceeding expected growth: the score is an 80:20 split between achievement and growth;
2. For schools meeting expected growth:
 - a. If the achievement score is 80% or above, then no growth factor is added.
 - b. If the achievement score is less than 80%, then the score is an 80:20 split between achievement and growth.

Appropriates \$300,000 for the Education Value-Added Assessment System (EVAAS) to be used in calculating the grades.

9.5 Pay for Excellence

In one sentence, the General Assembly states its intention to use the teacher evaluation instrument to implement a plan of performance pay for teachers: “When a robust evaluation instrument and process that accurately assesses and evaluates the effectiveness of teachers, especially in the area of student growth, is wholly implemented in North Carolina, it is the intent of the General Assembly that the evaluation instrument and process be utilized in the implementation of a plan of performance pay for teachers in this State.” (emphasis added).

9.6 Teacher Contracts

Eliminates any and all future grants of career status (or “tenure”) for teachers, effective August 1, 2013. Teachers who have not received career status prior to the 2013-2014 school year shall not be granted

career status during the 2013-2014 school year or anytime thereafter. Permanently eliminates career status for all teachers (even those who currently have it) on June 30, 2018.

Timeline of effective dates:

- August 1, 2013: No new awards of career status
- September 1, 2013 – June 30, 2014:
 1. Superintendents review teacher performance and evaluations of the following teachers:
 - a. Those employed by the same local board for at least 3 consecutive years; and
 - b. Those who have shown effectiveness as demonstrated by proficiency on the teacher evaluation instrument.
 2. Superintendents identify and recommend 25% of those teachers to be awarded 4-year contracts.
 3. The local board may approve the recommendations or may select other teachers as part of the 25%, as long as they have demonstrated proficiency on the teacher evaluation instrument.
 4. All other teachers not awarded 4-year contracts, or not otherwise career status, are on 1-year contracts until 2018-2019 school year. (see * below at June 30, 2018)
- January 1, 2014: SBE to provide a model contract to LEAs.
- June 30, 2014: Deadline for all 4-year contracts to be made and accepted.
 1. Acceptance of such a contract means the forfeiture of all career status rights.
 2. Teachers accepting such contracts receive an annual \$500 pay raise. (\$10,200,000 appropriated for FY 2014-2015 for this purpose).
- July 1, 2014:
 1. New laws (115C-325.1 to -325.13) dealing with teachers' new contracts, suspensions, dismissals, demotions, hearings before the local board, etc. (except for career teachers who continue under the old 115C-325 until June 30, 2018).
 2. Revisions to 115C-45(c) that:
 - a. Limit appeals of right to superior court; and
 - b. Delete language involving noncertified employees' appeal rights.
 3. Revisions to 115C-287.1 that:
 - a. Permanently eliminate any career status of any administrator; and
 - b. Deletes administrators' appeal/judicial review language under Chapter 150B.
- June 30, 2018: Permanent elimination of career status for all career status teachers. Full repeal of old 115C-325. New 115C-325.1 to -325.13 take effect for former career status teachers. All teachers now on 1, 2 or 4-year contracts.*

Except as otherwise provided, this section was effective when it became law, July 1, 2013.

9.7 Teacher Contract Conforming Changes

Makes conforming changes to other state statutes given the changes above in Section 9.6. Changes to statutes: G.S. 115C-105.26(b)(2); 115C-105.37B(a)(2); 115C-105.38A; 115C-105.39; 115C-238.68(3); 115C-276(l); 115C-285(a)(7); 115C-304 is repealed; 115C-333; 115C-333.1; 115C-335(b); 115C-404(b); 143B-146.7(b); 143B-146.8; 115C-105.38A; 115C-105.39(b); 115C-238.29F(e)(3); 115C-238.68(3); new section 115C-344; 115C-404(b).

PART 10: COMMUNITY COLLEGES

10.9 Expand Industrial and Engineering Technologies Education to Freshmen and Sophomore High School Students

Adds new language to G.S. 115D-20(4)a.2. to allow local community colleges and LEAs to further collaborate to offer college courses for high school freshmen and sophomores that lead to a career technical education certificate or diploma in industrial and engineering technologies.

PART 11: UNIVERSITIES

11.9 Authorize State Education Assistance Authority (SEAA) to Continue to Collect NC Teaching Fellows Repayments

SEAA is re-authorized to collect loan repayments for Teaching Fellows Program.

(See also, Money Report: Phase out of NC Teaching Fellows Program that began in 2011. FY 2013-2014: (\$3,095,000) recurring cut; (\$1,300,000) non-recurring cut.)

11.16 Study School of Science and Mathematics/Morganton Campus

UNC's Board of Governors, NC School of Science and Math and DPI shall jointly study the feasibility of a western campus for the School of Science and Math in Morganton at the School for the Deaf, and shall report by February 1, 2014.

11.18 UNC iSchool/Career and College Promise Program

UNC-Greensboro and DPI shall jointly study the feasibility of restarting the UNC-G iSchool by incorporating it as a part of the Career and College Promise Program and report by March 1, 2014.

PART 12: DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 12B: DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

12B NC Pre-K

Maintains current Pre-K eligibility requirements. The Department of Health and Human Services, Division of Child Development and Early Education (DCDEE) shall establish the following income eligibility requirements:

1. Cannot exceed 75% of the state median income (cannot exceed approximately \$51,000 for a family of 4);
2. Up to 20% of children enrolled may have family incomes over 75% of the median income if the children have other designated risk factors;
3. Can consider developmental disabilities or other chronic health issues of a child as eligibility factors, but otherwise the health of the child cannot be considered;
4. An age-eligible child is eligible if s/he is a child of either:
 - a. An active duty member of the armed forces, or reservist who was ordered to active duty within the last or next 18 months; or
 - b. A member of the armed forces who was injured or killed while on active duty.

(HB 112, Technical Corrections bill, amended this section to allow DCDEE to exempt from licensure requirements public classrooms currently participating in the Pre-K program that are not yet licensed by DCDEE; however, all public classrooms participating in this program must be licensed by July 1, 2014.)

12B.8 Study Use of Unique Student Identifier/Child Care Subsidy

DCDEE, in coordination with DPI, must study assigning a unique student identifier to monitor the performance levels of children receiving child care subsidies throughout their education.

12E.3 Funds for School Nurses

The funds appropriated for the School Nurse Funding Initiative must be distributed to local health departments according to the standard formula, as in past years. Sets forth the duties of school nurses funded through this Initiative and prohibits such nurses from assisting in any instructional or administrative duties associated with a school's curriculum.

12J.1(w) Maternal and Child Health Block Grant

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to § 42 U.S.C. 710, for the 2013-14 or 2014-15 fiscal years, then those funds must be transferred to SBE to be administered by DPI, which must use the funds for an abstinence education program and delegate the responsibility for implementing the program and G.S. 115C-81(e1)(4) and (4a).

PART 34: DEPARTMENT OF TRANSPORTATION

34.20 Driver Education

Revises G.S. 115C-216(g) to allow LEAs to charge each student in a driver education course up to \$55.00 (from \$45.00) to offset the costs of providing the training and instruction. Report on progress by the Division of Motor Vehicles and DPI on revisions to the driver knowledge test, process for testing and certification of passing said test due by March 1, 2014.

PART 35: SALARIES AND BENEFITS

35.8 Salary Adjustments for Special Circumstances/No Automatic Increases/Authorized Salary Adjustment Fund Actions Not Prohibited

No salary increases for certified or non-certified personnel, state employees, or LEA employees, except in limited circumstances such as promotion, increased job duties, etc.

35.10C Special Leave Bonus

Provides 5 days of additional annual leave that must be used by June 30, 2014, or they expire.

Salary Schedules

35.11 Teacher Salary Schedules

35.12 School-Based Administrator Salary Schedule

35.13 Central Office Salaries

35.14 Noncertified Personnel Salaries

35.15 Salary-Related Contributions

State's employer contribution rate for teachers' and state employees' retirement: 14.69%

State's employer contribution to the State Health Plan for teachers and state employees:

FY 2013-2014: \$5,285

FY 2014-2015: \$5,435

2013 Report on Education Legislation – Excerpts from the Budget Bill

GENERAL ASSEMBLY OF NORTH CAROLINA 2013 Regular Session

SESSION LAW 2013-360 SENATE BILL 402

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.
The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

TITLE

SECTION 1.1. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2013."

INTRODUCTION

SECTION 1.2. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the State Budget Act or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2015, according to the following schedule:

Current Operations – General Fund	2013-2014	2014-2015
EDUCATION		
Community Colleges System Office	1,021,295,467	1,016,487,467
Department of Public Instruction	7,867,960,649	8,048,101,622
University of North Carolina – Board of Governors		
Appalachian State University	127,908,903	127,908,903
East Carolina University		
Academic Affairs	220,012,450	220,615,626
Health Affairs	64,841,247	64,841,247
Elizabeth City State University	35,363,212	35,385,057
Fayetteville State University	49,336,186	49,336,186
North Carolina Agricultural and Technical State University	96,882,428	96,882,428
North Carolina Central University	84,084,488	84,084,488
North Carolina State University		
Academic Affairs	389,976,973	390,045,059
Agricultural Extension	39,859,682	39,859,682
Agricultural Research	54,911,053	54,911,053

University of North Carolina at Asheville	37,465,299	37,465,299
University of North Carolina at Chapel Hill		
Academic Affairs	274,632,544	274,515,010
Health Affairs	187,260,403	190,741,444
Area Health Education Centers	42,418,348	42,418,348
University of North Carolina at Charlotte	192,697,970	192,683,456
University of North Carolina at Greensboro	153,838,192	153,783,960
University of North Carolina at Pembroke	54,175,566	54,175,566
University of North Carolina School of the Arts	31,547,460	29,146,203
University of North Carolina at Wilmington	96,484,692	96,484,692
Western Carolina University	83,140,199	83,161,081
Winston-Salem State University	68,957,656	68,980,084
General Administration	34,752,475	34,752,475
University Institutional Programs	(32,137,074)	(52,671,909)
Related Educational Programs	82,160,148	117,918,501
North Carolina School of Science and Mathematics	19,126,182	19,126,182
Aid to Private Colleges	93,351,588	93,351,588
 Total University of North Carolina – Board of Governors	 2,583,048,270	 2,599,901,709

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Central Management and Support	73,786,129	76,301,328
Division of Aging and Adult Services	54,142,341	54,342,341
Division of Blind Services/Deaf/Hard of Hearing	8,178,618	8,178,618
Division of Child Development and Early Education	254,314,609	254,314,609
Health Service Regulation	16,396,057	16,411,479
Division of Medical Assistance	3,461,950,119	3,608,119,091
Division of Mental Health	699,535,602	704,985,988
NC Health Choice	67,949,160	57,747,933
Division of Public Health	144,154,087	141,941,587
Division of Social Services	174,608,432	176,558,432
Division of Vocation Rehabilitation	38,773,169	38,773,169
 Total Health and Human Services	 4,993,788,323	 5,137,674,575

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	115,085,702	115,409,902
 Department of Commerce		
Commerce	51,228,804	56,733,282
Commerce State-Aid	21,723,226	15,624,767
 Wildlife Resources Commission	 12,476,588	 14,476,588
 Department of Environment and Natural Resources	 154,037,311	 157,767,236
 Department of Labor	 16,696,339	 16,696,339

JUSTICE AND PUBLIC SAFETY

Department of Public Safety	1,716,893,395	1,690,014,006
Judicial Department	456,926,252	456,426,252
Judicial Department – Indigent Defense	115,129,423	111,357,264
Department of Justice	79,726,123	82,308,926

GENERAL GOVERNMENT

Department of Administration	67,567,025	67,047,033
Office of Administrative Hearings	5,241,643	5,027,130
Department of State Auditor	11,217,468	11,217,468
Office of State Controller	28,710,691	28,710,691
Department of Cultural Resources		
Cultural Resources	63,670,145	63,008,100
Roanoke Island Commission	450,000	450,000
State Board of Elections	5,302,373	5,693,244
General Assembly	52,087,986	51,634,767
Office of the Governor		
Office of the Governor	5,170,050	5,172,132
Office of State Budget and Management	7,451,706	7,534,217
OSBM – Reserve for Special Appropriations	4,912,000	1,520,000
Housing Finance Agency	8,411,632	8,411,632
Department of Insurance		
Insurance	37,994,004	38,003,624
Insurance – Volunteer Safety Workers' Compensation Fund	0	0
Office of Lieutenant Governor	681,089	675,089
Department of Revenue	80,998,918	80,896,458
Department of Secretary of State	11,575,183	11,575,183
Department of State Treasurer		
State Treasurer	8,137,890	7,026,305
State Treasurer – Retirement for Fire and Rescue Squad Workers	23,179,042	23,179,042

RESERVES, ADJUSTMENTS, AND DEBT SERVICE

Salary Adjustment Reserve	7,500,000	7,500,000
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State Health Plan Contribution	33,500,000	89,000,000
State Retirement System Contributions	36,000,000	36,000,000
Reserve for Future Benefit Needs	0	56,400,000
Judicial Retirement System Contributions	1,000,000	1,000,000
Severance Reserve	16,000,000	0
Statewide Compensation Study	1,000,000	0
Firemen's and Rescue Squad Workers' Pension Fund	(820,000)	(820,000)
Information Technology Fund	9,053,142	10,470,657
Information Technology Reserve Fund	28,000,000	31,582,485
NC Government Efficiency and Reform Project	2,000,000	2,000,000
One North Carolina Fund	9,000,000	9,000,000
Unemployment Insurance (UI) Reserve	23,800,000	13,600,000
Reserve for Escheat Fund Global TransPark Debt Repayment	27,000,000	0
Reserve for Voter ID	1,000,000	1,000,000
Reserve for Pending Legislation	4,000,000	4,500,000
Reserve for Eugenics Program	10,000,000	0
Contingency and Emergency Fund	5,000,000	5,000,000
Job Development Investment Grants (JDIG)	51,823,772	63,045,357
Debt Service		
General Debt Service	707,580,634	723,721,279
Federal Reimbursement	1,616,380	1,616,380
TOTAL CURRENT OPERATIONS – GENERAL FUND	20,602,828,645	20,990,378,208

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in developing the 2013-2015 biennial budget is shown below.

	FY 2013-2014	FY 2014-2015
Unappropriated Balance Remaining from Previous Year	\$ 213,432,877	\$ 250,510,043
Projected Overcollections FY 2012-2013	458,483,783	0
Overcollections Due to Disputed MSA Payments	71,516,217	0
Projected Reversions FY 2012-2013	225,000,000	0
Net Supplemental Medicaid Appropriations (S.L. 2013-56, as amended by Section 13 of S.L. 2013-184)	(308,100,000)	0
Less Earmarkings of Year End Fund Balance		0

Savings Reserve	(232,537,942)	(37,122,346)
Repairs and Renovations	(150,000,000)	(12,751,137)
Beginning Unreserved Fund Balance	277,794,935	200,636,560
 Revenues Based on Existing Tax Structure	 19,628,100,000	 20,549,000,000
 Nontax Revenues		
Investment Income	13,700,000	14,100,000
Judicial Fees	250,200,000	251,400,000
Disproportionate Share	110,000,000	109,000,000
Insurance	72,500,000	73,400,000
Other Nontax Revenues	173,000,000	175,000,000
Highway Trust Fund/Use Tax Reimbursement Transfer	0	0
Highway Fund Transfer	218,100,000	215,900,000
Subtotal Non-tax Revenues	837,500,000	838,800,000
 Total General Fund Availability	 \$ 20,743,394,935	 \$ 21,588,436,560
 Adjustments to Availability: 2013 Session		
Reserve for Tax Simplification and Reduction Act (HB 998)	(86,600,000)	(437,800,000)
Repeal Certain Real Estate Conveyance Tax Earmarks	37,400,000	37,400,000
Repeal Certain Scrap Tire Disposal Tax Earmarks	3,475,291	3,475,291
Repeal Certain White Goods Management Tax Earmarks	1,217,796	1,217,796
Direct Portion of Solid Waste Disposal Tax to General Fund	2,300,000	2,300,000
Adjust Gross Premiums Tax for Volunteer Safety Workers		
Worker's Compensation Fund	(3,000,000)	(3,000,000)
Reserve for Repeal of Education Expenses Credit (HB 269)	0	1,500,000
Extend Aviation Fuel Tax Refunds	(3,186,000)	0
Tobacco Master Settlement Agreement (MSA)	137,500,000	137,500,000
MSA Disputed Payments Erroneously Paid to		
Golden LEAF (S.L. 2011-145)	24,639,357	0
Repeal North Carolina Public Campaign Fund	3,500,000	0
Transfer from NC Flex FICA Fund Balance	6,000,000	0
Transfer from E-Commerce Reserve Fund Balance	5,111,585	6,000,000
Transfer from Misdemeanant Confinement Fund	1,000,000	1,000,000
Transfer from Separate Insurance Benefits Plan for		
Reimbursement of Premiums Paid for State Law		
Enforcement Officers	16,510,611	16,510,611
Increase Lobbyist Fees	400,000	400,000
Extend Local Government Hold Harmless	(7,850,000)	0
Certificate of Need for Certain Replacement Equipment	(150,513)	(150,513)
Adjust Transfer from Insurance Regulatory Fund	(560,589)	(560,589)
Adjust Transfer from Treasurer's Office	175,215	175,215
 Subtotal Adjustments to Availability: 2013 Session	 137,882,753	 (234,032,189)
 Revised General Fund Availability	 20,881,277,688	 21,354,404,371
 Less General Fund Appropriations	 (20,630,767,645)	 (20,998,801,208)
 Unappropriated Balance Remaining	 \$ 250,510,043	 \$ 355,603,163

SECTION 2.2.(b) In addition to funds transferred pursuant to G.S. 105-164.44D, the sum of two hundred eighteen million one hundred thousand dollars (\$218,100,000) for the 2013-2014 fiscal year and the sum of two hundred fifteen million nine hundred thousand dollars (\$215,900,000) for the 2014-2015 fiscal year shall be transferred from the Highway Fund to the General Fund.

SECTION 2.2.(c) Notwithstanding the provisions of G.S. 143C-4-3, the State Controller shall transfer a total of one hundred fifty million dollars (\$150,000,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2013, and a total of twelve million seven hundred fifty-one thousand one hundred thirty-seven dollars (\$12,751,137) to the Repairs and Renovations Reserve on June 30, 2014. This subsection becomes effective June 30, 2013. Funds transferred under this section to the Repairs and Renovations Reserve are appropriated for the 2013-2014 and 2014-2015 fiscal years and shall be used in accordance with G.S. 143C-4-3.

SECTION 2.2.(d) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of two hundred thirty-two million five hundred thirty-seven thousand nine hundred forty-two dollars (\$232,537,942) from the unreserved fund balance to the Savings Reserve Account on June 30, 2013, and the sum of thirty-seven million one hundred twenty-two thousand three hundred forty-six dollars (\$37,122,346) from the unreserved fund balance to the Savings Reserve Account on June 30, 2014. Neither of these transfers is an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2013.

SECTION 2.2.(e) Notwithstanding any other provision of law to the contrary, effective July 1, 2013, the following amounts shall be transferred to the State Controller to be deposited in the appropriate budget code as determined by the State Controller. These funds shall be used to support the General Fund appropriations as specified in this act for the 2013-2014 fiscal year and the 2014-2015 fiscal year.

Budget Code	Fund Code	Description	FY 2013-2014 Amount	FY 2014-2015 Amount
24100	2514	E-Commerce Fund	\$ 5,111,585	\$ 6,000,000
24500	2225	Misdemeanant Confinement Fund	1,000,000	1,000,000
24160	2000	NC FICA Account	6,000,000	0
68025	6101	NC Public Campaign Finance Fund	3,500,000	0
73429	7429	Separate Insurance Benefits Plan	\$ 16,510,611	\$ 16,510,611

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2015, according to the following schedule:

Current Operations – Highway Fund	2013-2014	2014-2015
Department of Transportation Administration	\$ 91,066,219	\$ 94,975,916
Division of Highways		
Administration	35,139,990	35,139,990
Construction	61,669,922	46,859,878
Maintenance	1,120,543,988	1,022,097,721
Planning and Research	4,055,402	4,055,402
OSHA Program	365,337	365,337
Ferry Operations	40,935,538	39,785,538
State Aid to Municipalities	142,102,740	136,874,010

Intermodal Divisions		
Public Transportation	85,244,235	85,244,235
Aviation	28,744,510	22,244,510
Rail	40,142,294	24,692,294
Bicycle and Pedestrian	751,066	751,066
Governor's Highway Safety	284,932	284,932
Division of Motor Vehicles	118,994,643	119,532,589
Other State Agencies, Reserves, Transfers	260,693,983	263,469,382
Capital Improvements	18,055,500	19,937,700
Total Highway Fund Appropriations	\$ 2,048,790,299	\$ 1,916,310,500

HIGHWAY FUND/AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2013-2015 fiscal biennial budget is shown below:

Highway Fund Availability Statement	2013-2014	2014-2015
Unreserved Fund Balance	\$ 72,214,149	\$ 0
Estimated Revenue	1,937,200,000	1,892,400,000
Adjustment to Revenue Availability:		
Adjustment to Emission Inspection Fees	23,600,000	21,600,000
Adjustment to Technology Improvement Account Fees	634,000	634,000
Motor Fuel Tax		
(Shallow Draft Navigation Channel Dredging Fund)	(2,280,350)	(2,193,500)
Motor Fuel Tax (37.5 cents per gallon cap)	(1,837,500)	0
Electric Vehicle Registration Fee	60,000	120,000
North Carolina Railroad Company Dividend Payments	19,200,000	3,750,000
Total Highway Fund Availability	\$ 2,048,790,299	\$ 1,916,310,500
Unappropriated Balance	0	0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2015, according to the following schedule:

Current Operations – Highway Trust Fund	2013-2014	2014-2015
Program Administration	\$ 45,590,880	\$ 45,590,880
Aid to Municipalities	0	0
Intrastate	0	0
Secondary Roads	0	0
Urban Loops	0	0
Mobility Fund	0	0
Turnpike Authority	49,000,000	49,000,000
Transfer to General Fund	0	0
Transfer to Highway Fund	400,000	400,000
Debt Service	79,170,090	60,307,448

Strategic Prioritization Funding Plan for Transportation Investments	930,926,530	950,101,672
Total Highway Trust Fund Appropriations	\$ 1,105,087,500	\$ 1,105,400,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. The Highway Trust Fund availability used in developing the 2013-2015 fiscal biennial budget is shown below:

Highway Trust Fund Availability	2013-2014	2014-2015
Unreserved Fund Balance	\$ 0	\$ 0
Estimated Revenue	1,105,700,000	1,105,400,000
Adjustment to Revenue Availability		
Motor Fuel Tax (37.5 cents per gallon cap)	(612,500)	0
Total Highway Trust Fund Availability	\$ 1,105,087,500	\$ 1,105,400,000
Unappropriated Balance	\$ 0	\$ 0

PART V. OTHER APPROPRIATIONS

APPROPRIATION OF OTHER FUNDS

SECTION 5.1.(a) Expenditures of cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, Special Revenue Fund, Enterprise Fund, Internal Service Fund, and Trust and Agency Fund are appropriated and authorized for the 2013-2015 fiscal biennium as follows:

- 1) For all budget codes listed in "The State of North Carolina Recommended Continuation Budget and Fund Purpose Statements, 2013-2015" and in the Budget Support Document, cash balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2013-2014 fiscal year and the 2014-2015 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.
- 2) Notwithstanding the provisions of subdivision (1) of this subsection:
 - (+) Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2013-2014 fiscal year and the 2014-2015 fiscal year and shall be used only to pay debt service requirements.
 - (-) Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2013-2014 fiscal year and the 2014-2015 fiscal year.

SECTION 5.1.(b) Receipts collected in a fiscal year in excess of the amounts authorized by this section shall remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by the State Budget Act. Overrealized receipts are appropriated up to the amounts necessary to implement this subsection.

SECTION 5.1.(c) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

SECTION 5.1.(d) The Office of State Budget and Management, the Office of the State Controller, the Department of Revenue, and the Fiscal Research Division shall jointly study the Reserve for Reimbursements to Local Governments and Shared Tax Revenues (Budget Code 24705) within the

Department of Revenue and shall determine the best manner in which to budget the funds deposited into and expended from this fund. When conducting this study, the Office of State Budget and Management, the Office of the State Controller, the Department of Revenue, and the Fiscal Research Division shall jointly determine if any statutory or other changes are needed in order to ensure that these funds are properly accounted for and budgeted in a manner consistent with the North Carolina Constitution. No later than May 1, 2014, the Office of State Budget and Management, the Office of the State Controller, the Department of Revenue, and the Fiscal Research Division shall report the results of this study, including their findings, recommendations, and any legislative proposals, to the Chairs of the Senate Appropriations/Base Budget Committee and of the House Appropriations Committee.

SECTION 5.1.(e) Subdivisions (2) through (4) of subsection (d) of Section 5.1 of S.L. 2011-145, as enacted by Section 5.1 of S.L. 2012-142, are repealed. This subsection becomes effective on June 30, 2013.

OTHER RECEIPTS FROM PENDING GRANT AWARDS

SECTION 5.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded subsequent to the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds. State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 5.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated and shall be incorporated into the authorized budget of the recipient State agency.

SECTION 5.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds.

CIVIL PENALTY AND FORFEITURE FUND

SECTION 5.3.(a) Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2015, as follows:

	FY 2013-2014	FY 2014-2015
School Technology Fund	\$ 18,000,000	\$ 18,000,000
State Public School Fund	\$163,392,921	\$120,362,790
Total Appropriation	\$181,392,921	\$138,362,790

SECTION 5.3.(b) Excess receipts realized in the Civil Penalty and Forfeiture Fund in the 2012-2013 fiscal year are hereby appropriated to the State Public School Fund for the 2013-2014 fiscal year.

SECTION 5.3.(c) Excess receipts realized in the Civil Penalty and Forfeiture Fund in the 2013-2014 fiscal year shall be allocated to the School Technology Fund for the 2014-2015 fiscal year.

INDIAN GAMING EDUCATION REVENUE FUND

SECTION 5.4.(a) There is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, School Technology Fund, the sum of three million dollars (\$3,000,000) for the 2013-2014 fiscal year and the sum of three million five hundred thousand dollars (\$3,500,000) for the 2014-2015 fiscal year.

SECTION 5.4.(b) G.S. 143C-9-7 does not apply to the use of these funds for the 2013-2015 fiscal biennium.

PART VI. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES UNDER THIS ACT

SECTION 6.2.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 6.2.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

GOVERNMENT EFFICIENCY AND REFORM

SECTION 6.5.(a) The Office of State Budget and Management shall contract for a Government Efficiency and Reform review and analysis of the executive branch of State government, which shall be known as NC GEAR. The purpose of the review and analysis is to evaluate the efficiency and effectiveness of State government and to identify specific strategies for making State government more efficient and effective. The review and analysis may examine entire departments, agencies, institutions, or similar programs in different departments. The review and analysis shall include an examination of the efficiency and effectiveness of major management policies, practices, and functions pertaining to the following areas:

- (3) The statutory authority, funding sources, and functions of each department, agency, institution, or program.
- (3) The organizational structure and staffing patterns in place to perform these functions and whether they are appropriate based on comparative data and other reasonable staffing criteria.
- (3) The measurement of each reviewed program's outcomes, overall performance, and success in accomplishing its mandated or stated mission and subsequent goals, considering the resources provided to the program.
- (3) State and local responsibilities for providing government services and funding for those services, and whether these responsibilities should be reallocated.
- (3) Personnel systems operations and management.
- (3) State purchasing operations and management.
- (3) Information technology and telecommunications systems policy, organization, and management.
- (3) The identification of opportunities to reduce fragmentation, duplication, and related or overlapping services or activities through restructuring of departmental organizations and streamlining programs.

SECTION 6.5.(b) All executive branch departments, agencies, boards, commissions, authorities, and institutions in the executive branch of State government, including receipt-supported agencies, and all non-State entities receiving State funds shall be subject to review and analysis. The chief administrative officer of each entity shall ensure full cooperation with the Office of State Budget and Management and provide timely responses to the Office of State Budget and Management's request for information under the provisions of G.S. 143C-2-1(b).

SECTION 6.5.(c) The Office of State Budget and Management will work collaboratively with the Office of State Auditor to develop the review, analysis, and findings needed to produce a final report and recommendations to the Governor and General Assembly.

SECTION 6.5.(d) The contracting provisions of Chapter 143 of the General Statutes and related State purchasing and budget regulations do not apply to NC GEAR; however, the Office of State Budget and Management shall report all external contracts for consultants or professional services within 30 days of their execution to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 6.5.(e) The Office of State Budget and Management shall submit an interim report of the NC GEAR's analysis, findings, and recommendations to the Governor, the President Pro Tempore of

the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Program Evaluation Division by February 15, 2014, and a final report by February 15, 2015.

SECTION 6.5.(f) Funds appropriated for NC GEAR shall be used to contract with consultants and other experts and to pay for travel, postage, printing, planning, and other related costs as needed to accomplish the objectives specified for the project. Funds appropriated for the 2013-2015 fiscal biennium for NC GEAR shall not revert at the end of each fiscal year but shall remain available for expenditure for the project.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.6. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

BUDGET CODE CONSOLIDATIONS

SECTION 6.7. Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management may, after reporting to the Fiscal Research Division, adjust the authorized budget by making transfers among purposes or programs for the purpose of consolidating budget and fund codes or eliminating inactive budget and fund codes. The Office of State Budget and Management shall change the authorized budget to reflect these adjustments.

NORTH CAROLINA STATE LOTTERY COMMISSION CONTRACTS

SECTION 6.8. G.S. 18C-151(a) reads as rewritten:

"(a) Except as otherwise specifically provided in this subsection for contracts for the purchase of services, apparatus, supplies, materials, or equipment, Article 8 of Chapter 143 of the General Statutes, including the provisions relating to minority participation goals, shall apply to contracts entered into by the Commission. If this subsection and Article 8 of Chapter 143 are in conflict, the provisions of this subsection shall control. In recognition of the particularly sensitive nature of the Lottery and the competence, quality of product, experience, and timeliness, fairness, and integrity in the operation and administration of the Lottery and maximization of the objective of raising revenues, a contract for the purchase of services, apparatus, supplies, materials, or equipment requiring an estimated aggregate expenditure of ~~ninety thousand dollars (\$90,000)~~ three hundred thousand dollars (\$300,000) or more may be awarded by the Commission only after the following have occurred:

...."

EXEMPTIONS FROM MANAGEMENT FLEXIBILITY REDUCTIONS

SECTION 6.10. Notwithstanding G.S. 143C-6-4, expansion funds appropriated for the 2013-2015 fiscal biennium to State agencies as defined by G.S. 143C-1-1(d)(24) shall not be used to offset management flexibility adjustments in this act.

REVISE PUBLIC SCHOOL BUILDING CAPITAL FUND/ APPROPRIATE EDUCATION LOTTERY FUNDS

SECTION 6.11.(a) G.S. 115C-546.1(a) reads as rewritten:

"(a) There is created the Public School Building Capital Fund. The Fund shall be used to assist county governments in meeting their public school building capital ~~needs and their equipment needs under their local school technology plans needs.~~"

SECTION 6.11.(b) G.S. 115C-546.2 reads as rewritten:

"§ 115C-546.2. Allocations from the Fund; uses; expenditures; reversion to General Fund; matching requirements.

...

(b) Counties shall use monies ~~in the Fund previously credited to the Fund by the Secretary of Revenue pursuant to G.S. 115C-546.1(b)~~ for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings and for the purchase of land for public school buildings; for equipment to implement a local school technology ~~plan that is approved pursuant to G.S. 115C-102.6C; plan;~~ or for both. Monies used to implement a local school

technology plan shall be transferred to the State School Technology Fund and allocated by that Fund to the local school administrative unit for equipment.

As used in this section, "public school buildings" only includes facilities for individual schools that are used for instructional and related purposes and does not include centralized administration, maintenance, or other facilities.

In the event a county finds that it does not need all or part of the funds allocated to it for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings, for the purchase of land for public school buildings, or for equipment to implement a local school technology plan, the unneeded funds allocated to that county may be used to retire any indebtedness incurred by the county for public school facilities.

In the event a county finds that its public school building needs and its school technology needs can be met in a more timely fashion through the allocation of financial resources previously allocated for purposes other than school building needs or school technology needs and not restricted for use in meeting public school building needs or school technology needs, the county commissioners may, with the concurrence of the affected local Board of Education, use those financial resources to meet school building needs and school technology needs and may allocate the funds it receives under this Article for purposes other than school building needs or school technology needs to the extent that financial resources were redirected from such purposes. The concurrence described herein shall be secured in advance of the allocation of the previously unrestricted financial resources and shall be on a form prescribed by the Local Government Commission.

(c) Monies previously credited to the Fund by the Secretary of Revenue pursuant to G.S. 115C-546.1(b) for capital projects shall be matched on the basis of one dollar of local funds for every three dollars of State funds. ~~Monies~~ Such monies in the Fund transferred to the State Technology Fund do not require a local match.

Revenue received from local sales and use taxes that is restricted for public school capital outlay purposes pursuant to G.S. 105-502 or G.S. 105-487 may be used to meet the local matching requirement. Funds expended by a county after July 1, 1986, for land acquisition, engineering fees, architectural fees, or other directly related costs for a public school building capital project that was not completed prior to July 1, 1987, may be used to meet the local match requirement.

(d) If funds are appropriated from the Education Lottery Fund to the Public School Building Capital Fund, such funds shall be allocated for school capital construction projects on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education. ~~Monies transferred into the Fund in accordance with Chapter 18C of the General Statutes shall be allocated for capital projects for school construction projects as follows:~~

~~(1) A sum equal to sixty-five percent (65%) of those monies transferred in accordance with G.S. 18C-164 shall be allocated on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education.~~

~~(2) A sum equal to thirty-five percent (35%) of those monies transferred in accordance with G.S. 18C-164 shall be allocated to those local school administrative units located in whole or part in counties in which the effective county tax rate as a percentage of the State average effective tax rate is greater than one hundred percent (100%), with the following definitions applying to this subdivision:~~

~~a. "Effective county tax rate" means the actual county rate for the previous fiscal year, including any countywide supplemental taxes levied for the benefit of public schools, multiplied by a three-year weighted average of the most recent annual sales assessment ratio studies.~~

~~b. "State average effective tax rate" means the average effective county tax rates for all counties.~~

~~c. "Sales assessment ratio studies" means sales assessment ratio studies performed by the~~(3)

(3) No county shall have to provide matching funds required under subsection (c) of this section.

(4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.

(1) A county may not use monies in this Fund to pay for school technology needs.

(e) The State Board of Education may use up to one million five hundred thousand dollars (\$1,500,000) each year of monies in the Fund to support positions in the Department of Public Instruction's Support Services Division."

SECTION 6.11.(c) G.S. 18C-164 reads as rewritten:

"§ 18C-164. Transfer of net revenues.

(a) The funds remaining in the North Carolina State Lottery Fund after receipt of all revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes and expenses shall be considered to be the net revenues of the North Carolina State Lottery Fund. The net revenues of the North Carolina State Lottery Fund shall be transferred four times a year to the Education Lottery Fund, which shall be created in the State treasury.

(b) From the Education Lottery Fund, the ~~Commission~~ Office of State Budget and Management shall transfer a sum equal to five percent (5%) of the net revenue of the prior year to the Education Lottery Reserve Fund. A special revenue fund for this purpose shall be established in the State treasury to be known as the Education Lottery Reserve Fund, and that fund shall be capped at fifty million dollars (\$50,000,000). Monies in the Education Lottery Reserve Fund may be appropriated only as provided in subsection (e) of this section.

(c) ~~The Commission shall distribute~~ The General Assembly shall appropriate the remaining net revenue of the Education Lottery Fund, as follows, in the following manner: Fund annually in the Current Operations Appropriations Act for education-related purposes, based upon estimates of lottery net revenue to the Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal Research Division of the Legislative Services Commission.

~~(1) A sum equal to fifty percent (50%) to support reduction of class size in early grades to class size allotments not exceeding 1:18 in order to eliminate achievement gaps and to support academic prekindergarten programs for at-risk four-year-olds who would otherwise not be served in a high-quality education program in order to help those four-year-olds be prepared developmentally to succeed in school.~~

~~(2) A sum equal to forty percent (40%) to the Public School Building Capital Fund in accordance with G.S. 115C-546.2.~~

~~(3) A sum equal to ten percent (10%) to the State Educational Assistance Authority to fund college and university scholarships in accordance with Article 35A of Chapter 115C of the General Statutes.~~

~~(d) Of the sums transferred under subsection (c) of this section, the General Assembly shall appropriate the funds annually based upon estimates of lottery net revenue to the Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal Research Division of the North Carolina General Assembly.~~

(e) If the actual net revenues are less than the appropriation for that given year, then the Governor may transfer from the Education Lottery Reserve Fund an amount sufficient to equal the appropriation by the General Assembly. ~~If the monies available in the Education Lottery Reserve Fund are insufficient to reach a full appropriation, the Governor shall transfer monies in order of priority, to the following:~~

~~(1) To support academic prekindergarten programs for at-risk four-year-olds who would otherwise not be served in a high-quality education program in order to help those four-year-olds be prepared developmentally to succeed in school.~~

~~(2) To reduce class size.~~

~~(3) To provide financial aid for needy students to attend college.~~

~~(4) To the Public School Building Capital Fund to be spent in accordance with this section.~~

(f) ~~If the actual Actual net revenues exceed in excess of the amounts appropriated in that fiscal year, the excess net revenues a fiscal year shall remain in the Education Lottery Fund, and then be transferred as follows: Fund.~~

~~(1) Fifty percent (50%) to the Public School Building Capital Fund to be spent in accordance with this section.~~

~~(2) Fifty percent (50%) to the State Educational Assistance Authority to be spent in accordance with this section."~~

SECTION 6.11.(d) G.S. 115C-499.3(b) reads as rewritten:

"(b) Subject to the maximum amounts provided in this section, the Authority shall have the power to determine the actual scholarship amounts disbursed to students in any given year based on the amount of net income available under Chapter 18C of the General Statutes, funds appropriated from the Education Lottery Fund. If the net income available is not sufficient to fully fund the scholarships to the maximum

amount, all scholarships shall be reduced equally, to the extent practicable, so that every eligible applicant shall receive a proportionate scholarship amount."

SECTION 6.11.(e) The appropriations made from the Education Lottery Fund for the 2013-2015 fiscal biennium are as follows:

	FY 2013-2014	FY 2014-2015
Classroom Teachers	\$ 220,643,188	\$ 220,643,188
Prekindergarten Program	75,535,709	75,535,709
Public School Building Capital Fund	100,000,000	100,000,000
Scholarships for Needy Students	30,450,000	30,450,000
UNC Need-Based Financial Aid	10,744,733	10,744,733
UNC Need-Based Financial Aid Forward Funding Reserve	32,530,359	19,130,728
Digital Learning	11,928,735	11,928,735
TOTAL APPROPRIATION	\$ 481,832,724	\$ 468,433,093

SECTION 6.11.(f) Notwithstanding G.S. 18C-164, the Office of State Budget and Management shall not transfer funds to the Education Lottery Reserve Fund for the 2013-2014 fiscal year.

SECTION 6.11.(g) Funds appropriated for Digital Learning pursuant to subsection (e) of this section shall be used to support grants to local education agencies (LEAs) for (i) delivering educator professional development focused on using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students and (ii) acquiring quality digital content to enhance instruction.

Up to one million dollars (\$1,000,000) may be used by the Department of Public Instruction to (i) develop a plan to transition from funding for textbooks, both traditional and digital, to funding for digital materials, including textbooks and instructional resources and (ii) provide educational resources that remain current, are aligned with curriculum, and are effective for all learners by 2017. The plan shall also include an inventory of the infrastructure needed to support robust digital learning in public schools.

SECTION 6.11.(h) Subsection (c) of this section becomes effective June 30, 2013.

STATE BUDGET ACT AMENDMENTS

SECTION 6.12.(a) G.S. 143C-1-1(d)(19) reads as rewritten:

"(19) Nontax revenue. – Revenue that is not a tax proceed or a departmental receipt and that is required by statute to be credited to ~~the General Fund~~ a fund."

SECTION 6.12.(b) G.S. 143C-1-1(d)(30) reads as rewritten:

"(30) Unreserved fund balance. – The available ~~General Fund~~ cash balance effective June 30 after excluding documented encumbrances, unearned revenue, ~~federal grants~~, statutory requirements, and other legal obligations to ~~General Fund~~ a fund's cash balance as determined by the State Controller. Beginning unreserved fund balance equals ending unreserved fund balance from the prior fiscal year."

SECTION 6.12.(c) G.S. 143C-1-3(c) reads as rewritten:

"(c) Notwithstanding subsections (a) and (b) of this section, funds established for The University of North Carolina and its constituent institutions pursuant to the following statutes are exempt from Chapter 143C of the General Statutes and shall be accounted for as provided by those statutes, except that the provisions of Article 8 of Chapter 143C of the General Statutes shall apply to the funds: G.S. 116-35, 116-36, 116-36.1, 116-36.2, 116-36.4, 116-36.5, 116-36.6, 116-44.4, 116-68, 116-220, ~~116-235,~~ ~~116-238,~~ 116-235."

SECTION 6.12.(d) Article 1 of Chapter 143C of the General Statutes is amended by adding a new section to read:

"§ 143C-1-5. Chapter is applicable to The University of North Carolina.

Except as expressly provided in G.S. 143C-1-3(c) or otherwise expressly provided by law, The University of North Carolina shall be subject to the provisions of this Chapter in the same manner and to the same degree as other State agencies."

SECTION 6.12.(e) G.S. 143C-3-5(e) reads as rewritten:

"(e) ~~Revenue Availability~~ Estimates. – The recommended Current Operations Appropriations Act shall contain a statement showing the estimates of General Fund availability, Highway Fund availability, and Highway Trust Fund availability upon which the Recommended State Budget is based."

SECTION 6.12.(f) G.S. 143C-9-6 reads as rewritten:

"§ 143C-9-6. JDIG Reserve Fund Reserve.

(a) The State Controller shall establish a reserve in the General Fund to be known as the JDIG Reserve. Funds from the JDIG Reserve shall not be ~~expended or~~ transferred except in accordance with G.S. 143B-437.63.

(b) It is the intent of the General Assembly to appropriate funds annually to the JDIG Reserve established in this section in amounts sufficient to meet the anticipated cash requirements for each fiscal year of the Job Development Investment Grant Program established pursuant to G.S. 143B-437.52."

SECTION 6.12.(g) G.S. 143C-9-8(a) reads as rewritten:

"(a) The State Controller shall establish a reserve in the General Fund to be known as the One North Carolina Fund Reserve. Funds from the One North Carolina Fund Reserve shall not be ~~expended or~~ transferred except in accordance with G.S. 143B-437.75."

SUBSTANTIVE CHANGES

SECTION 6.12.(h) G.S. 143C-1-1(d) is amended by adding the following new subdivisions to read:

"(1a) Authorized budget. – The certified budget with changes authorized by the Director of the Budget through authority granted in G.S. 143C-6-4 or other statutes.

(1b) Availability. – The total anticipated cash available within a fund for appropriation purposes, including unreserved fund balance and all revenue and receipts anticipated in a fiscal year.

...

(7a) Continuation budget. – That part of the Recommended State Budget necessary to continue the same level of services in the next biennium as is provided in the current fiscal year, including (i) mandated Social Security rate adjustments; (ii) annualization of programs and positions; (iii) enrollment adjustments for public schools and Medicaid; (iv) reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium; (v) increases to adjust for nonrecurring reductions during the prior fiscal biennium; and (vi) if deemed necessary by the Director, other adjustments such as inflation, building reserves, and equipment replacement."

SECTION 6.12.(i) G.S. 143C-1-1(d)(7) reads as rewritten:

"(7) Certified budget. – The budget as enacted by the General Assembly including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes ~~directed mandated by the General Assembly but left to the Director to carry out.~~ Assembly."

SECTION 6.12.(j) G.S. 143C-3-3 reads as rewritten:

"§ 143C-3-3. Budget requests from State agencies in the executive branch.

...

(b) University of North Carolina System Request. – Notwithstanding ~~subsections (c), (d), and (e) of this section, pursuant to the requirement in~~ G.S. 116-11 that the Board of Governors shall prepare a unified budget request for all of the constituent institutions of The University of North Carolina, ~~including repairs and renovations, capital fund requests, and information technology requests shall comply with~~ subsections (c), (d), and (e) of this section.

...

(e) Information Technology Request. – In addition to any other information requested by the Director, any State agency requesting significant State resources, as defined by the Director, for the purpose of acquiring or maintaining information technology shall accompany that request with all of the following:

- (1) A statement of its needs for information technology and related resources, including expected improvements to programmatic or business operations, together with a review and evaluation of

- (2) A statement setting forth the requirements for State resources, together with an evaluation of those requirements by the State Chief Information Officer that takes into consideration the State's current technology, the opportunities for technology sharing, the requirements of Article 3D of Chapter 147 of the General Statutes, and any other factors relevant to the analysis.
- (3) A statement by the State Chief Information Officer that sets forth viable alternatives, if any, for meeting the agency needs in an economical and efficient manner.
- (4) In the case of an acquisition, an explanation of the method by which the acquisition is to be financed.

This subsection shall not apply to requests submitted by the General ~~Assembly~~, ~~Assembly or the~~ Administrative Office of the ~~Courts, or The University of North Carolina Courts.~~"

SECTION 6.12.(k) G.S. 143C-3-5 reads as rewritten:

"§ 143C-3-5. Budget recommendations and budget message.

...

(b) ~~Odd-Numbered Fiscal Years.~~ – In odd-numbered years the budget recommendations shall include the following components:

- (1a) A Recommended State Budget setting forth goals for improving the State with recommended expenditure requirements, funding sources, and performance information for each State government program and for each proposed capital improvement. The Recommended State Budget may be presented in a format chosen by the Director, except that the Recommended State Budget shall clearly distinguish program continuation requirements, program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. ~~The Director shall include as continuation requirements the amounts the Director proposes to fund for the enrollment increases in public schools, community colleges, and the university system.~~

- (1a) The Governor's Recommended State Budget shall include a continuation budget, which shall be presented in the budget support document pursuant to subdivision (2) of this subsection.

...

- (5) A list of budget adjustments made during the prior fiscal year pursuant to G.S. 143C-6-4 that are included in the proposed continuation budget for the upcoming fiscal year.

(c) ~~Even-Numbered Fiscal Years.~~ – In even-numbered years, the Governor may recommend changes in the enacted budget for the second year of the biennium. These recommendations shall be presented as amendments to the enacted budget and shall be incorporated in a recommended Current Operations Appropriation Act and a recommended Capital Improvements Appropriations Act as necessary. Any recommended changes shall clearly distinguish program reductions, program eliminations, program expansions, and new programs, and shall explain all proposed capital improvements in the context of the Six-Year Capital Improvements Plan and as required by G.S. 143C-8-6. The Governor shall provide sufficient supporting documentation and accounting detail, consistent with that required by G.S. 143C-3-5(b), corresponding to the recommended amendments to the enacted budget.

(d) ~~Funds Included in Budget.~~ – Consistent with requirements of the North Carolina Constitution, Article 5, Section 7(1), the Governor's Recommended State Budget, together with the Budget Support Document, shall include recommended expenditures of State funds from all Governmental and Proprietary Funds, as those funds are described in ~~G.S. 143C-1-3.~~ G.S. 143C-1-3, and all funds established for The University of North Carolina and its constituent institutions that are subject to this Chapter. Except where provided otherwise by federal law, funds received from the federal government become State funds when deposited in the State treasury and shall be classified and accounted for in the Governor's budget recommendations no differently than funds from other sources.

...."

SECTION 6.12.(l) G.S. 143C-4-3 reads as rewritten:

"§ 143C-4-3. Repairs and Renovations ~~Reserve Account.~~ Reserve.

(a) ~~Creation and Source of Funds.~~ – The Repairs and Renovations Reserve ~~Account~~ is established as a reserve in the General Fund. The State Controller shall reserve to the Repairs and Renovations Reserve ~~Account~~ one-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.

(b) Use of Funds. – The funds in the Repairs and Renovations Reserve ~~Account~~ shall be used only for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund. Funds from the Repairs and Renovations Reserve ~~Account~~ shall be used only for the following types of projects:

- (1) Roof repairs and replacements;
- (2) Structural repairs;
- (3) Repairs and renovations to meet federal and State standards;
- (4) Repairs to electrical, plumbing, and heating, ventilating, and air-conditioning systems;
- (5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;
- (6) Improvements to meet fire safety needs;
- (7) Improvements to existing facilities for energy efficiency;
- (8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
- (9) Improvements and renovations to improve use of existing space;
- (10) Historical restoration;
- (11) Improvements to roads, walks, drives, utilities infrastructure; and
- (12) Drainage and landscape improvements.

Funds from the Repairs and Renovations Reserve ~~Account~~ shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards.

(c) Use of Funds. – Funds Available Only Upon Appropriation. – Funds reserved to the Repairs and Renovations Reserve ~~Account~~ shall be available for expenditure only upon an act of appropriation by the General Assembly.

(d) ~~Board of Governors May Allocate Allocation and Reallocation of Funds to for Particular Projects.~~ – Any funds in the ~~Reserve for Repairs and Renovations Reserve~~ that are allocated to the Board of Governors of The University of North Carolina or to the Office of State Budget and Management may be allocated or reallocated by the ~~Board~~ those agencies for repairs and renovations projects so long as ~~(i) any project that receives an allocation or reallocation satisfies the requirements of subsection (b) of this section unless the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance and (ii) the allocation or reallocation is in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina. The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations on the allocation or reallocation of funds pursuant to this section within 60 days of any allocation or reallocation under this subsection; all of the following conditions are satisfied:~~

- (1) Any project that receives an allocation or reallocation satisfies the requirements of subsection (b) of this section.
- (2) If the allocation or reallocation of funds from one project to another under this section is two million five hundred thousand dollars (\$2,500,000) or more for a particular project, the Office of State Budget and Management or the Board of Governors, as appropriate, consults with the Joint Legislative Commission on Governmental Operations prior to the expenditure or reallocation.
- (3) If the allocation or reallocation of funds from one project to another under this section is less than two million five hundred thousand dollars (\$2,500,000) for a particular project, the allocation or reallocation of funds is reported to the Joint Legislative Commission on Governmental Operations within 60 days of the expenditure or reallocation.

(e) ~~Office of State Budget and Management May Allocate Funds to Particular Projects.~~ – Any funds in the ~~Reserve for Repairs and Renovations~~ that are allocated to the Office of State Budget and Management may be allocated or reallocated by the State Budget Office for repairs and renovations projects so long as any project that receives an allocation or reallocation satisfies the requirements of subsection (b) of this section. The Office of State Budget and Management shall consult with the Joint Legislative Commission on Governmental Operations prior to the allocation of these funds. The State Budget Office shall report to the Joint Legislative Commission on Governmental Operations on the reallocation of funds pursuant to this section within 60 days of any reallocation under this subsection."

SECTION 6.12.(m) G.S. 143C-6-1 reads as rewritten:

"§ 143C-6-1. Budget enacted by the General Assembly; certified budgets of State agencies.

...

(b) Departmental Receipts. – Departmental receipts collected to support a program or purpose shall be credited to the fund from which appropriations have been made to support that program or purpose. A State agency shall expend departmental receipts first, including receipts in excess of the amount of receipts budgeted in the certified budget for the program or purpose, and shall expend other funds appropriated for the purpose or program only to the extent that receipts are insufficient to meet the costs anticipated in the certified budget.

Except as authorized in G.S. 143C-6-4, excess departmental receipts shall not be used to increase expenditures for a purpose or program.

(c) Certification of the Budget. – The Director of the Budget shall certify to each State agency the amount appropriated to it for each program and each object from all ~~governmental and proprietary funds.~~ funds included in the budget as defined in G.S. 143C-3-5(d). The certified budget for each State agency shall reflect the total of all appropriations enacted for each State agency by the General Assembly in the Current Operations Appropriations Act, the Capital Improvements Appropriations Act, and any other act affecting the State budget. The certified budget for each State agency shall follow the format of the Budget Support Document as modified to reflect changes enacted by the General Assembly."

SECTION 6.12.(n) G.S. 143C-6-4 reads as rewritten:

"§ 143C-6-4. Budget Adjustments Authorized.

(a) Findings. – The General Assembly recognizes that even the most thorough budget deliberations may be affected by unforeseeable ~~events. Under events;~~ therefore, under the limited circumstances set forth in this section, the Director may is authorized to adjust the enacted budget by making transfers among lines of expenditure, purposes, or programs or by increasing expenditures funded by departmental receipts. Under no circumstances, however, shall total General Fund expenditures for a State department exceed the amount appropriated to that department from the General Fund for the fiscal year.

(b) ~~Adjustments to the Certified Budget.~~ Budget Adjustments. – Notwithstanding the provisions of G.S. 143C-6-1, a State agency may, with approval of the Director of the Budget, spend more than was ~~authorized~~ appropriated in the certified budget by adjusting the authorized budget for all of the following:

- (1) Line items within programs. – An object or line item within a purpose or program so long as the total amount expended for the purpose or program is no more than was authorized in the certified budget for the purpose or program.
- (2) Responses to extraordinary events. – A purpose or program if the overexpenditure of the purpose or program is:
 - a. Required by a court or Industrial Commission order;
 - b. Authorized under G.S. 166A-19.40(a) of the North Carolina Emergency Management Act; or
 - c. Required to call out the North Carolina National Guard.
- (3) Responses to unforeseen circumstances. – A purpose or program not subject to the provisions of subdivision (b)(2) of this subsection, ~~but only in accord with the following restrictions: (i) the subsection, if each of the following conditions is satisfied:~~
 - a. The overexpenditure is required to continue the purpose or programs due to complications or changes in circumstances that could not have been foreseen when the budget for the fiscal period was enacted, (ii) the enacted.
 - b. The scope of the purpose or program is not increased, (iii) the increased.
 - c. The overexpenditure is authorized on a nonrecurring basis, and (iv) under no circumstances shall the total requirements for a State department exceed the department's certified budget for the fiscal year by more than three percent (3%) without prior consultation with the Joint Legislative Commission on Governmental Operations one-time nonrecurring basis for one year only, unless the overexpenditure is the result of (i) salary adjustments authorized by law or (ii) the establishment of time-limited positions funded with agency receipts.

(b1) If the overexpenditure would cause a department's total requirements for a fund to exceed the department's certified budget for a fiscal year for that fund by more than three percent (3%), the Director

shall consult with the Joint Legislative Commission on Governmental Operations prior to authorizing the overexpenditure.

(b2) Subsection (b) of this section shall not be construed to authorize budget adjustments that cause General Fund expenditures, excluding expenditures from General Fund receipts, to exceed General Fund appropriations for a department.

...."

SECTION 6.12.(o) G.S. 143C-6-21 reads as rewritten:

"§ 143C-6-21. Payments to nonprofits.

Except as otherwise provided by law, an annual appropriation of one hundred thousand dollars (\$100,000) or less to or for the use of a nonprofit corporation ~~shall~~ may be made in a single annual ~~payment-payment~~ in the discretion of the Director of the Budget. An annual appropriation of more than one hundred thousand dollars (\$100,000) to or for the use of a nonprofit corporation shall be made in quarterly or monthly payments, in the discretion of the Director of the Budget."

SECTION 6.12.(p) G.S. 143C-7-2(a) reads as rewritten:

"(a) Plans Submitted and Reviewed. – The Secretary of each State agency that receives and administers federal Block Grant funds shall prepare and submit the agency's Block Grant plans to the Director of the Budget. The Director of the Budget shall submit the Block Grant plans to ~~the Fiscal Research Division of the General Assembly not later than February 28 of each odd-numbered calendar year and not later than April 30 of each even-numbered calendar year~~ the General Assembly as part of the Recommended State Budget submitted pursuant to G.S. 143C-3-5."

SECTION 6.12.(q) G.S. 143C-8-2 reads as rewritten:

"§ 143C-8-2. Capital facilities inventory.

(a) The Department of Administration shall develop and maintain an automated inventory of all facilities owned by State agencies pursuant to G.S. 143-341(4). The inventory shall include the location, occupying agency, ownership, size, description, condition assessment, maintenance record, parking and employee facilities, and other information to determine maintenance needs and prepare life-cycle cost evaluations of each facility listed in the inventory. The Department of Administration shall update and publish the inventory at least once every three years. The Department shall also record in the inventory acquisitions of new facilities and significant changes in existing facilities as they occur.

(b) No later than October 1 of each even-numbered year, the Department of Administration shall provide a summary of the information maintained in the inventory described in subsection (a) of this section to the Fiscal Research Division of the Legislative Services Commission. This summary shall include all of the following:

- 1) A summary of the number, type, square footage or acreage, and condition of facilities allocated to or owned by each State agency.
- 2) A summary of the geographical distribution of State facilities.
- 3) An estimate of the percentage increase or decrease of square footage or acreage allocated to or owned by each State agency since the last report was submitted pursuant to this subsection.
- 4) Any other information requested by the Fiscal Research Division."

SECTION 6.12.(r) G.S. 143C-9-7(b) reads as rewritten:

"(b) ~~Funds Upon appropriation by the General Assembly, funds received in the Indian Gaming Education Revenue Fund are hereby appropriated as received to the State Public School Fund for quarterly allotment~~ shall be allocated quarterly by the State Board of Education to local school administrative units, charter schools, and regional schools on the basis of allotted average daily membership. The funds allotted by the State Board of Education pursuant to this section shall be nonreverting. Funds received pursuant to this section by local school administrative units shall be expended for classroom teachers, teacher assistants, classroom materials or supplies, or textbooks."

PART VII. INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

SECTION 7.2.(a) G.S. 147-33.88 reads as rewritten:

"§ 147-33.88. Information technology budget development and reports.

(a) ~~The Office shall develop an annual budget for review and approval by the Office of State Budget and Management prior to April 1 of each year.~~ The Office of Information Technology Services (ITS) shall develop an annual budget for review and approval by the Office of State Budget and Management (OSBM) in accordance with a schedule prescribed by the Director of the Office of State Budget and Management. The approved Information Technology Internal Service Fund budget shall be included in the Governor's budget recommendations to the General Assembly.

The Office of State Budget and Management shall ensure that State agencies have an opportunity to adjust their budgets based on any rate changes proposed by the Office of Information Technology Services and approved by the Office of State Budget and Management.

(b) The Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the Office's Internal Service Fund on a quarterly basis, no later than the first day of the second month following the end of the quarter. The report shall include current cash balances, line-item detail on expenditures from the previous quarter, and anticipated expenditures and revenues. The Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on expenditures for the upcoming quarter, projected year-end balance, and the status report on personnel position changes including new positions created and existing positions eliminated. The Office spending reports shall comply with the State Accounting System object codes."

SECTION 7.2.(b) IT Internal Service Fund. – For each year of the 2013-2015 fiscal biennium, receipts for the IT Internal Service Fund shall not exceed one hundred ninety million dollars (\$190,000,000), excluding a 60-day balance for contingencies. Rates approved by the Office of State Budget and Management (OSBM) to support the IT Internal Service Fund shall be based on this fund limit. In the event the Fund exceeds the required limit, rates shall be adjusted within 30 days. In the event that an increase in receipts for the IT Internal Service Fund is required, the Office of Information Technology services may only implement the increase after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 7.2.(c) Rate Setting. – By October 31, 2013, the State Chief Information Officer shall establish consistent, fully transparent, easily understandable rates that reflect industry standards for each service for which any agency is charged. A report explaining the rate structure shall be submitted to the Joint Legislative Commission on Governmental Operations, the Chairs of the Joint Legislative Oversight Committee on Information Technology, the House Appropriations Subcommittee on Information Technology, and the Fiscal Research Division. An interim report shall be submitted by July 30, 2013. Overhead charges to agencies shall be consistently applied and shall reflect industry standards for the particular service. Rate increases shall require the approval of OSBM and consultation with the Joint Legislative Commission on Governmental Operations. Rate reductions may be implemented following notification of OSBM.

SECTION 7.2.(d) Agency Billing and Payments. – The State Chief Information Officer shall ensure that bills from the Office of Information Technology Services are easily understandable and fully transparent. If a State agency fails to pay its IT Internal Service Fund bill within 30 days of receipt, the Office of State Budget and Management may transfer funds from the agency to fully or partially cover the cost of the bill from that agency to the IT Internal Service Fund, following notification of the affected agency.

SECTION 7.2.(e) Unspecified Uses. – Any uses of the IT Internal Service Fund not specifically related to the operation of the Office of Information Technology Services, to include any transfers to other State agencies, shall immediately be reported to the Office of State Budget and Management and the Fiscal Research Division with a detailed explanation as to why it was necessary to use the Fund. The State Chief Information Officer may use the IT Internal Service Fund, and any other available resources, to accelerate desktop remediation and associated software upgrades, if it is in the State's best interest.

INFORMATION TECHNOLOGY OPERATIONS

SECTION 7.4.(a) Server Inventory. – The State Chief Information Officer (State CIO) shall develop an inventory of servers and server locations in State agencies. Based on this inventory, the State CIO shall develop a plan to consolidate agency servers in State-owned data centers. By November 1, 2013,

the State CIO shall provide a written plan for accomplishing this to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.4.(b) Hosting/Backups. – The State CIO shall identify information technology applications that are hosted by vendors that are not backed up on State-owned infrastructure. The State CIO shall work with impacted State agencies to develop a plan to ensure that any State agency application hosted by a vendor is backed up on State-owned infrastructure. By January 1, 2014, the State CIO shall provide a plan for accomplishing this to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.4.(c) Restructuring Plan. – The State CIO shall conduct a comprehensive review of the State's overall information technology operations, including the efficacy of existing exemptions and exceptions from unified State IT governance. Based upon this analysis, the State CIO shall develop a plan to restructure the State's IT operations for the most effective and efficient utilization of resources and capabilities. The plan shall include identifying, documenting, and providing a framework for developing and implementing the education and training required for all State information technology personnel, including information technology contracting professionals. Each State agency, department, and institution, and The University of North Carolina, shall (i) cooperate fully with the Office of the State CIO during the review and assessment phase of restructuring plan development and (ii) provide to the State CIO all information needed to carry out the purposes of this subsection. By May 1, 2014, the State CIO shall present the plan to the Joint Legislative Oversight Committee on Information Technology, along with any recommended legislative proposals for implementation to be considered for introduction during the 2014 Regular Session of the 2013 General Assembly.

SECTION 7.4.(e) Telecommunications Service Clarification. – G.S. 105-164.13(54) reads as rewritten:

"The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

...

- (54) The following telecommunications services and charges:
 - a. Telecommunications service that is a component part of or is integrated into a telecommunications service that is resold. This exemption does not apply to service purchased by a pay telephone provider who uses the service to provide pay telephone service. Examples of services that are resold include carrier charges for access to an intrastate or interstate interexchange network, interconnection charges paid by a provider of mobile telecommunications service, and charges for the sale of unbundled network elements. An unbundled network element is a network element, as defined in 47 U.S.C. § 153(29), to which access is provided on an unbundled basis pursuant to 47 U.S.C. § 251(c)(3).
 - b. Pay telephone service.
 - c. 911 charges imposed under G.S. 62A-43 and remitted to the 911 Fund under that section.
 - d. Charges for telecommunications service made by a hotel, motel, or another entity whose gross receipts are taxable under G.S. 105-164.4(a)(3) when the charges are incidental to the occupancy of the entity's accommodations.
 - e. Telecommunications service purchased or provided by a State agency or a unit of local government for the ~~North Carolina Information Highway State Network~~ or another data network owned or leased by the State or unit of local government."

PUBLIC SCHOOL PROCUREMENT OF INFORMATION TECHNOLOGY

SECTION 7.6.(a) The State Chief Information Officer (CIO) shall work with the North Carolina Department of Public Instruction (DPI) and the Governor's Education Council to implement public school cooperative purchasing agreements for the procurement of information technology (IT) goods and services to support public schools. For purposes of this section, the phrase "public school cooperative purchasing agreement" means an agreement implemented pursuant to this section and available for local school administrative units, regional schools, charter schools, or some combination thereof, providing for

collaborative or collective purchases of information technology goods and services in order to leverage economies of scale and to reduce costs.

SECTION 7.6.(b) Each public school cooperative purchasing agreement shall be based on a defined statewide information technology need to support education in the public schools. Each public school cooperative purchasing agreement shall allow for equal access to technology tools and services and shall provide a standard competitive cost throughout North Carolina for each tool or service. Public school cooperative purchasing agreements shall follow State information technology procurement laws, rules, and procedures.

SECTION 7.6.(c) By October 1, 2013, and quarterly thereafter, the Office of the State CIO and DPI shall report on the establishment of public school cooperative purchasing agreements, savings resulting from the establishment of the agreements, and any issues impacting the establishment of the agreements. The reports shall be made to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division.

INFORMATION TECHNOLOGY CONTRACTS

SECTION 7.7.(a) SCIO Review. – The State Chief Information Officer (State CIO) shall review all State information technology (IT) contracts and shall develop a plan to consolidate duplicate IT contracts and multiple IT contracts with the same vendor.

SECTION 7.7.(b) Bulk Purchasing. – The State CIO shall develop a plan to modify bulk purchasing contracts, while maintaining economies of scale, to provide agencies with the option of purchasing equipment on an "as-needed" basis. By December 15, 2013, the State CIO shall provide the plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. The State CIO may modify the plan based upon input from the Joint Legislative Oversight Committee on Information Technology and, following the review, shall begin implementation of the plan.

SECTION 7.7.(c) Sole Sourcing, Extensions, and Expansions Limited. – State IT contracts, including sole sourcing, extensions of the period of performance, or expansion of the scope of existing contracts, must receive the prior approval of the State CIO who may grant a specific exception. The State CIO shall immediately report any exceptions granted to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. The report shall explain the reasons why the exception was deemed to be appropriate.

SECTION 7.7.(d) G.S. 147-33.72C(e) reads as rewritten:

"(e) Performance Contracting. – All contracts between a State agency and a private party for information technology projects shall include provisions for vendor performance review and accountability. The State CIO may require that these contract provisions require a performance bond, include monetary penalties, or require other performance assurance measures for projects that are not completed or performed within the specified time period or that involve costs in excess of those specified in the contract. The State CIO may utilize cost-savings realized on government vendor partnerships, as defined in G.S. 143-135.9, as performance incentives for an information technology project vendor. ~~require contract provisions requiring a vendor to provide a performance bond.~~"

SECTION 7.7.(e) Enterprise Contracts. – The State CIO shall consult participating agency chief information officers and obtain approval from the Office of State Budget and Management prior to the initiation of any enterprise project or contract and shall ensure that enterprise project and contract costs are allocated to participating agencies in an equitable manner. Enterprise agreements shall not exceed the participating State agencies' ability to financially support the contracts.

The State CIO shall not enter into any enterprise information technology contracts without obtaining written agreements from participating State agencies regarding the apportionment of the contract cost. State agencies agreeing to participate in a contract shall:

- (1) Ensure that sufficient funds are budgeted to support their agreed shares of enterprise contracts throughout the life of the contract.
- (2) Transfer the required funding to the Information Technology Internal Service Fund in sufficient time for the Office of Information Technology Services to meet vendor contract requirements.

SECTION 7.7.(f) Three-Year Contracts. – Notwithstanding the cash management provisions of G.S. 147-86.11, the Office of Information Technology Services may procure information technology goods and services for periods up to a total of three years where the terms of the procurement contracts require

payment of all or a portion of the contract price at the beginning of the contract agreement. All of the following conditions shall be met before payment for these agreements may be disbursed:

- (1) Any advance payment can be accomplished within the IT Internal Service Fund budget.
- (2) The State Controller receives conclusive evidence that the proposed agreement would be more cost-effective than a multiyear agreement that complies with G.S. 147-86.11.
- (3) The procurement complies in all other aspects with applicable statutes and rules.
- (4) The proposed agreement contains contract terms that protect the financial interest of the State against contractor nonperformance or insolvency through the creation of escrow accounts for funds, source codes, or both, or by any other reasonable means that have legally binding effect.

The Office of State Budget and Management shall ensure the savings from any authorized agreement shall be included in the IT Internal Service Fund rate calculations before approving annual proposed rates. Any savings resulting from the agreements shall be returned to agencies included in the contract in the form of reduced rates. Beginning October 1, 2013, ITS shall submit a quarterly written report of any authorizations granted under this section to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACT REQUIREMENTS

SECTION 7.8. Notwithstanding any provision of law to the contrary, no contract for information technology personal services, or that provides personnel to perform information technology functions, may be established or renewed without written approval from the Statewide Information Technology Procurement Office and the Office of State Budget and Management. To facilitate compliance with this requirement, the Statewide Information Technology Procurement Office shall develop and document the following:

- (1) Standards for determining whether it is more appropriate for an agency to hire an employee or use the services of a vendor.
- (2) A process to monitor all State agency personal services contracts, as well as any other State contracts providing personnel to perform information technology functions.
- (3) A process for obtaining approval of contractor positions.

The Statewide Information Technology Procurement Office shall review current personal services contracts and determine if each contractor is performing a function that could more appropriately be performed by a State employee. Where the determination is made that a State employee should be performing the function, the Statewide Information Technology Procurement Office shall work with the impacted agency and the Office of State Personnel to identify or create the position.

Beginning October 1, 2013, the Statewide Information Technology Procurement Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on its progress toward standardizing information technology personal services contracts. In addition, the report shall include detailed information on the number of personal service contractors in each State agency, the cost for each, and the comparable cost (including benefits) of a State employee serving in that capacity rather than a contractor.

PREVENT DUPLICATION OF INFORMATION TECHNOLOGY CAPABILITIES

SECTION 7.9.(a) The Office of the State Chief Information Officer (CIO) shall develop a plan and adopt measures to prevent the duplication of information technology capabilities and resources across State agencies. When multiple agencies require the same, or substantially similar, information technology capabilities, the State CIO shall designate one State agency as the lead to coordinate and manage the capability for all State agencies, with the State CIO maintaining oversight of the effort. By October 1, 2013, the State CIO shall provide this plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.9.(b) The Office of the State Chief Information Officer shall do all of the following to carry out the purposes of this section:

- (1) Review all current and future information technology projects to determine whether the capabilities required for each project already exist in a planned, ongoing, or completed information technology project developed by another State agency. For projects where the

capability already exists, the Office of the State CIO shall assist the agency with implementing the existing capability.

- (2) Identify existing projects that can best support a specific information technology capability for multiple agencies and work to transition all agencies requiring the specific capability to the identified projects.
- (3) When State agencies request approval for new projects, determine if the information technology project can be implemented using an existing application, or if the new project has the potential to support multiple agencies' requirements.
- (4) Provide quarterly reports on progress toward eliminating duplication to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.
- (5) Ensure that contracts for information technology allow the addition of other agencies' requirements within the terms of the existing contracts.

SECTION 7.9.(c) All State agencies shall coordinate any Geographic Information System (GIS) initiatives through the Center for Geographic Information and Analysis (CGIA) in the Office of Information Technology Services, as well as the Office of the State CIO, to ensure that existing capabilities are not being duplicated. The CGIA shall monitor and approve all new GIS-related information technology projects and expansion budget requests. By January 1 of each year, the CGIA shall submit a written report on GIS duplication to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

The CGIA shall conduct a review of all GIS applications in State agencies, identify instances of duplication for existing applications, and develop a plan for consolidating duplicative projects. By November 1, 2013, the CGIA shall provide a report on the review to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

GOVERNMENT DATA ANALYTICS/DATA SHARING

SECTION 7.10.(a) G.S. 20-7(b2) reads as rewritten:

"(b2) Disclosure of Social Security Number. – The social security number of an applicant is not a public record. The Division may not disclose an applicant's social security number except as allowed under federal law. A violation of the disclosure restrictions is punishable as provided in 42 U.S.C. § 408, as amended.

In accordance with 42 U.S.C. 405 and 42 U.S.C. 666, as amended, the Division may disclose a social security number obtained under subsection (b1) of this section only as follows:

- (1) For the purpose of administering the driver's license laws.
- (2) To the Department of Health and Human Services, Child Support Enforcement Program for the purpose of establishing paternity or child support or enforcing a child support order.
- (3) To the Department of Revenue for the purpose of verifying taxpayer identity.
- (4) To the Office of Indigent Defense Services of the Judicial Department for the purpose of verifying the identity of a represented client and enforcing a court order to pay for the legal services rendered.
- (5) To each county jury commission for the purpose of verifying the identity of deceased persons whose names should be removed from jury lists.
- (6) To the Office of the State Controller for the purposes of G.S. 143B-426.38A."

SECTION 7.10.(b) G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A ~~photographic image or signature~~ recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the Office of the State Controller for the purposes of G.S. 143B-426.38A."

SECTION 7.10.(c) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(44) To furnish tax information to the Office of the State Controller under G.S. 143B-426.38A. The use and reporting of individual data may be restricted to only those activities specifically allowed by law when potential fraud or other illegal activity is indicated."

SECTION 7.10.(d) Part 28 of Article 9 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-426.38A. Government Data Analytics Center; State data-sharing requirements.

(a) State Government Data Analytics. – The State shall initiate across State agencies, departments, and institutions a data integration and data-sharing initiative that is not intended to replace transactional systems but is instead intended to leverage the data from those systems for enterprise-level State business intelligence.

- (1) Creation of initiative. – In carrying out the purposes of this section, the Office of the State Controller shall conduct an ongoing, comprehensive evaluation of State data analytics projects and plans in order to identify data integration and business intelligence opportunities that will generate greater efficiencies in, and improved service delivery by, State agencies, departments, and institutions. The State Controller and State CIO shall continue to utilize public-private partnerships and existing data integration and analytics contracts and licenses as appropriate to continue the implementation of the initiative.
- (2) Application to State government. – The initiative shall include all State agencies, departments, and institutions, including The University of North Carolina.
- (3) Governance. – The State Controller shall lead the initiative established pursuant to this section. The Chief Justice of the North Carolina Supreme Court and the Legislative Services Commission each shall designate an officer or agency to advise and assist the State Controller with respect to implementation of the initiative in their respective branches of government. The judicial and legislative branches shall fully cooperate in the initiative mandated by this section in the same manner as is required of State agencies.

(b) Government Data Analytics Center. –

- (1) GDAC established. – There is established in the Office of the State Controller the Government Data Analytics Center (GDAC). GDAC shall assume the work, purpose, and resources of the current data integration effort in the Office of the State Controller and shall otherwise advise and assist the State Controller in the management of the initiative. The State Controller shall make any organizational changes necessary to maximize the effectiveness and efficiency of GDAC.
- (2) Powers and duties of the GDAC. – The State Controller shall, through the GDAC, do all of the following:
 - a. Continue and coordinate ongoing enterprise data integration efforts, including:
 1. The deployment, support, technology improvements, and expansion for the Criminal Justice Law Enforcement Automated Data System (CJLEADS).
 2. The pilot and subsequent phase initiative for the North Carolina Financial Accountability and Compliance Technology System (NCFACS).
 3. Individual-level student data and workforce data from all levels of education and the State workforce.
 4. Other capabilities developed as part of the initiative.
 - b. Identify technologies currently used in North Carolina that have the capability to support the initiative.
 - c. Identify other technologies, especially those with unique capabilities, that could support the State's business intelligence effort.
 - d. Compare capabilities and costs across State agencies.
 - e. Ensure implementation is properly supported across State agencies.
 - f. Ensure that data integration and sharing is performed in a manner that preserves data privacy and security in transferring, storing, and accessing data, as appropriate.
 - g. Immediately seek any waivers and enter into any written agreements that may be required by State or federal law to effectuate data sharing and to carry out the purposes of this section.
 - h. Coordinate data requirements and usage for State business intelligence applications in a manner that (i) limits impacts on participating State agencies as those agencies provide data and business knowledge expertise and (ii) assists in defining business rules so the data can be properly used.

- i. Recommend the most cost-effective and reliable long-term hosting solution for enterprise-level State business intelligence as well as data integration, notwithstanding Section 6A.2(f) of S.L. 2011-145.
- (c) Implementation of the Enterprise-Level Business Intelligence Initiative. –
 - (1) Phases of the initiative. – The initiative shall cycle through these phases on an ongoing basis:
 - a. Phase I requirements. – In the first phase, the State Controller through GDAC shall:
 - 1. Inventory existing State agency business intelligence projects, both completed and under development.
 - 2. Develop a plan of action that does all of the following:
 - I. Defines the program requirements, objectives, and end state of the initiative.
 - II. Prioritizes projects and stages of implementation in a detailed plan and benchmarked time line.
 - III. Includes the effective coordination of all of the State's current data integration initiatives.
 - IV. Utilizes a common approach that establishes standards for business intelligence initiatives for all State agencies and prevents the development of projects that do not meet the established standards.
 - V. Determines costs associated with the development efforts and identifies potential sources of funding.
 - VI. Includes a privacy framework for business intelligence consisting of adequate access controls and end user security requirements.
 - VII. Estimates expected savings.
 - 3. Inventory existing external data sources that are purchased by State agencies to determine whether consolidation of licenses is appropriate for the enterprise.
 - 4. Determine whether current, ongoing projects support the enterprise-level objectives.
 - 5. Determine whether current applications are scalable or are applicable for multiple State agencies or both.
 - b. Phase II requirements. – In the second phase, the State Controller through the GDAC shall:
 - 1. Identify redundancies and recommend to the State CIO any projects that should be discontinued.
 - 2. Determine where gaps exist in current or potential capabilities.
 - c. Phase III requirements. – In the third phase:
 - 1. The State Controller through GDAC shall incorporate or consolidate existing projects, as appropriate.
 - 2. The State Controller shall, notwithstanding G.S. 147-33.76 or any rules adopted pursuant thereto, eliminate redundant business intelligence projects, applications, software, and licensing.
 - 3. The State Controller through GDAC shall complete all necessary steps to ensure data integration in a manner that adequately protects privacy.
 - (2) Project management. – The State CIO shall ensure that all current and new business intelligence/data analytics projects are in compliance with all State laws, policies, and rules pertaining to information technology procurement, project management, and project funding and that they include quantifiable and verifiable savings to the State. The State CIO shall report to the Joint Legislative Oversight Committee on Information Technology on projects that are not achieving projected savings. The report shall include a proposed corrective action plan for the project.

The Office of the State CIO, with the assistance of the Office of State Budget and Management, shall identify potential funding sources for expansion of existing projects or development of new projects. No GDAC project shall be initiated, extended, or expanded:

 - a. Without the specific approval of the General Assembly unless the project can be implemented within funds appropriated for GDAC projects.
 - b. Without prior consultation to the Joint Legislative Commission on Governmental Operations and a report to the Joint Legislative Oversight Committee on Information Technology if the project can be implemented within funds appropriated for GDAC projects.

(d) Funding. – The Office of the State Controller, with the support of the Office of State Budget and Management, shall identify and make all efforts to secure any matching funds or other resources to assist in funding this initiative. Savings resulting from the cancellation of projects, software, and licensing, as well as any other savings from the initiative, shall be returned to the General Fund and shall remain unexpended and unencumbered until appropriated by the General Assembly in a subsequent fiscal year. It is the intent of the General Assembly that expansion of the initiative in subsequent fiscal years be funded with these savings and that the General Assembly appropriate funds for projects in accordance with the priorities identified by the Office of the State Controller in Phase I of the initiative.

(d1) Appropriations. – Of the funds appropriated to the Information Technology Fund, the sum of three million dollars (\$3,000,000) for the 2013-2014 fiscal year and the sum of four million four hundred seventeen thousand five hundred fifteen dollars (\$4,417,515) for the 2014-2015 fiscal year shall be used to support the GDAC and NCFACS. Of these funds, the sum of one million four hundred seventeen thousand five hundred fifteen dollars (\$1,417,515) shall be used in each fiscal year of the 2013-2015 biennium for OSC internal costs. For fiscal year 2014-2015, of the funds generated by GDAC and NCFACS projects and returned to the General Fund, the sum of up to five million dollars (\$5,000,000) is appropriated to fund GDAC and NCFACS, to include vendor payments. Prioritization for the expenditure of these funds shall be for State costs associated with GDAC first, then vendor costs second. Funds in the 2013-2015 fiscal year budgets for GDAC and NCFACS shall be used solely to support the continuation for these priority project areas.

(e) Reporting. – The Office of the State Controller shall:

- (1) Submit and present quarterly reports on the implementation of Phase I of the initiative and the plan developed as part of that phase to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees, to the Joint Legislative Oversight Committee on Information Technology, and to the Fiscal Research Division of the General Assembly. The State Controller shall submit a report prior to implementing any improvements, expending funding for expansion of existing business intelligence efforts, or establishing other projects as a result of its evaluations, and quarterly thereafter, a written report detailing progress on, and identifying any issues associated with, State business intelligence efforts.
- (2) Report the following information as needed:
 - a. Any failure of a State agency to provide information requested pursuant to this section. The failure shall be reported to the Joint Legislative Oversight Committee on Information Technology and to the Chairs of the House of Representatives Appropriations and Senate Base Budget/Appropriations Committees.
 - b. Any additional information to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology that is requested by those entities.

(f) Data Sharing. –

- (1) General duties of all State agencies. – The head of each State agency, department, and institution shall do all of the following:
 - a. Grant the Office of the State Controller access to all information required to develop and support State business intelligence applications pursuant to this section. The State Controller and the GDAC shall take all necessary actions and precautions, including training, certifications, background checks, and governance policy and procedure, to ensure the security, integrity, and privacy of the data in accordance with State and federal law and as may be required by
 - b. Provide complete information on the State agency's information technology, operational, and security requirements.
 - c. Provide information on all of the State agency's information technology activities relevant to the State business intelligence effort.
 - d. Forecast the State agency's projected future business intelligence information technology needs and capabilities.

- e. Ensure that the State agency's future information technology initiatives coordinate efforts with the GDAC to include planning and development of data interfaces to incorporate data into the initiative and to ensure the ability to leverage analytics capabilities.
- f. Provide technical and business resources to participate in the initiative by providing, upon request and in a timely and responsive manner, complete and accurate data, business rules and policies, and support.
- g. Identify potential resources for deploying business intelligence in their respective State agencies and as part of the enterprise-level effort.
- h. Immediately seek any waivers and enter into any written agreements that may be required by State or federal law to effectuate data sharing and to carry out the purposes of this section, as appropriate.

(2) Specific requirements. – The State Controller and the GDAC shall enhance the State's business intelligence through the collection and analysis of data relating to workers' compensation claims for the purpose of preventing and detecting fraud, as follows:

- a. The North Carolina Industrial Commission shall release to GDAC, or otherwise provide electronic access to, all data requested by GDAC relating to workers' compensation insurance coverage, claims, appeals, compliance, and enforcement under Chapter 97 of the General Statutes.
- b. The North Carolina Rate Bureau (Bureau) shall release to GDAC, or otherwise provide electronic access to, all data requested by GDAC relating to workers' compensation insurance coverage, claims, business ratings, and premiums under Chapter 58 of the General Statutes. The Bureau shall be immune from civil liability for releasing information pursuant to this subsection, even if the information is erroneous, provided the Bureau acted in good faith and without malicious or willful intent to harm in releasing the information.
- c. The Department of Commerce, Division of Employment Security (DES), shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to unemployment insurance coverage, claims, and business reporting under Chapter 96 of the General Statutes.
- d. The Department of Labor shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to safety inspections, wage and hour complaints, and enforcement activities under Chapter 95 of the General Statutes.
- e. The Department of Revenue shall release to GDAC, or otherwise provide access to, all data requested by GDAC relating to the registration and address information of active businesses, business tax reporting, and aggregate federal tax Form 1099 data for comparison with information from DES, the Rate Bureau, and the Department of the Secretary of State for the evaluation of business reporting. Additionally, the Department of Revenue shall furnish to the GDAC, upon request, other tax information, provided that the information furnished does not impair or violate any information-sharing agreements between the Department and the United States Internal Revenue Service. Notwithstanding any other provision of law, a determination of whether furnishing the information requested by GDAC would impair or violate any information-sharing agreements between the Department of Revenue and the United States Internal Revenue Service shall be within the sole discretion of the State Chief Information Officer. The Department of Revenue and the Office of the State Controller shall work jointly to assure that the evaluation of tax information pursuant to this subdivision is performed in accordance with applicable federal law.

(3) All information shared with GDAC and the State Controller under this subdivision is protected from release and disclosure in the same manner as any other information is protected under this section.

(g) Provisions on Privacy and Confidentiality of Information. –

(1) Status with respect to certain information. – The State Controller and the GDAC shall be deemed to be all of the following for the purposes of this section:

- a. With respect to criminal information, and to the extent allowed by federal law, a criminal justice agency (CJA), as defined under Criminal Justice Information Services (CJIS) Security Policy. The State CJIS Systems Agency (CSA) shall ensure that CJLEADS receives access to federal criminal information deemed to be essential in managing CJLEADS to support criminal justice professionals.
- b. With respect to health information covered under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and to the extent allowed by federal law:

A business associate with access to protected health information acting on behalf of the State's covered entities in support of data integration, analysis, and business intelligence.

2. Authorized to access and view individually identifiable health information, provided that the access is essential to the enterprise fraud, waste, and improper payment detection program or required for future initiatives having specific definable need for the data.

c. Authorized to access all State and federal data, including revenue and labor information, deemed to be essential to the enterprise fraud, waste, and improper payment detection program or future initiatives having specific definable need for the data.

d. Authorized to develop agreements with the federal government to access data deemed to be essential to the enterprise fraud, waste, and improper payment detection program or future initiatives having specific definable need for such data.

(2) Release of information. – The following limitations apply to (i) the release of information compiled as part of the initiative, (ii) data from State agencies that is incorporated into the initiative, and (iii) data released as part of the implementation of the initiative:

a. Information compiled as part of the initiative. – Notwithstanding the provisions of Chapter 132 of the General Statutes, information compiled by the State Controller and the GDAC related to the initiative may be released as a public record only if the State Controller, in that officer's sole discretion, finds that the release of information is in the best interest of the general public and is not in violation of law or contract.

b. Data from State agencies. – Any data that is not classified as a public record under G.S. 132-1 shall not be deemed a public record when incorporated into the data resources comprising the initiative. To maintain confidentiality requirements attached to the information provided to the State Controller and GDAC, each source agency providing data shall be the sole custodian of the data for the purpose of any request for inspection or copies of the data under Chapter 132 of the General Statutes.

c. Data released as part of implementation. – Information released to persons engaged in implementing the State's business intelligence strategy under this section that is used for purposes other than official State business is not a public record pursuant to Chapter 132 of the General Statutes.

d. Data from North Carolina Rate Bureau. – Notwithstanding any other provision of this section, any data released by or obtained from the North Carolina Rate Bureau under this initiative relating to workers' compensation insurance claims, business ratings, or premiums are not public records and public disclosure of such data, in whole or in part, by the GDAC or State Controller, or by any State agency, is prohibited."

SECTION 7.10.(e) G.S. 143B-426.39 is amended by adding a new subdivision to read:

"(17) Coordinate data integration and data sharing pursuant to G.S. 143B-426.38A across State agencies, departments, and institutions to support the State's enterprise-level business intelligence initiative."

SECTION 7.10.(f) The Office of State Controller, in consultation with the State CIO, shall continue the management and implementation of the GDAC and shall continue to manage the ongoing enterprise data integration efforts under the GDAC, including CJLEADS and NC FACTS. The Office of the State CIO, in consultation with OSC, shall develop a plan for a cooperative transition of the GDAC and all of its programs to the Office of the SCIO, effective July 1, 2014. The plan shall include provisions for a governance structure for GDAC that includes participation by the State Controller. The plan shall also include milestones for the transition. The State CIO shall report the plan details and any associated costs to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by no later than October 1, 2013. The State CIO shall also report on a quarterly basis to the Joint Legislative

Oversight Committee on Information Technology and the Fiscal Research Division on progress toward achieving milestones set out in the plan.

SECTION 7.10.(g) Effective July 1, 2014, the GDAC and all of its programs are hereby transferred to the Office of the SCIO. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. The Office of State Budget and Management shall determine the personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, to be included in the transfer.

SECTION 7.10.(h) The purpose of this section is to codify provisions of Section 6A.7A of S.L. 2012-142, and to the extent that any provision of that section conflicts with G.S. 143B-426.38A, as enacted by this act, the provisions of the statute shall be construed to prevail over any conflicting uncodified provisions.

SECTION 7.10.(i) This section is effective when it becomes law.

STATE INFORMATION TECHNOLOGY DATA ARCHIVING

SECTION 7.11.(a) The State Chief Information Officer (CIO) shall investigate the feasibility of creating an enterprise data archiving system for State agencies that will (i) allow for the effective management of data from multiple sources; (ii) provide for efficient, timely responses to discovery requests and investigations; and (iii) ensure real-time State agency access to and use of archived files. The system shall be financed only by savings accrued as a result of the project.

SECTION 7.11.(b) By December 1, 2013, the State CIO shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the results of the feasibility assessment.

SECTION 7.11.(c) Subsequent to making the report required by this section, and only if the State CIO has developed a business case that is validated by the Office of State Budget and Management, then the State CIO may initiate the development of an enterprise data archiving system.

USE OF MOBILE COMMUNICATIONS DEVICES

SECTION 7.18.(a) By October 1, 2013, every State agency shall submit to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division a copy of the agency policy on the use of mobile communications devices. This reporting requirement is continuous such that any time a change is made to an existing policy, the agency shall submit an update immediately.

SECTION 7.18.(b) Beginning October 1, 2013, each State agency shall submit a quarterly report to the Joint Legislative Oversight Committee on Information Technology, the Fiscal Research Division, and the Office of the State Chief Information Officer (CIO) on the use of mobile electronic communications devices within the agency. The report shall include the following information:

- (1) The total number of devices issued by the agency.
- (2) The total cost of mobile devices issued by the agency.
- (3) The number and cost of new devices issued since the last report.
- (4) The contracts used to obtain the devices.

SECTION 7.18.(c) The Office of the State Chief Information Officer shall review current enterprise, and any individual agency mobile electronic communications contracts, to develop a plan to consolidate the contracts. By October 1, 2013, the Office of the State CIO shall submit a report on progress toward consolidating State agency mobile communications device contracts to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

SECTION 7.18.(d) The Office of the State CIO shall develop a policy for implementing a "bring your own device" plan for State employees. By September 1, 2013, the State CIO shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on how the plan is to be implemented, as well as on potential issues and costs. Following consultation with the Joint Legislative Oversight Committee on Information Technology, the State CIO may implement the "bring your own device" plan.

NEXT GENERATION SECURE DRIVER LICENSE SYSTEM

SECTION 7.19.(a) By August 1, 2013, the Chief Information Officer of the Department of Transportation shall provide a detailed report on the status of the Next Generation Secure Driver License

System (NGSDLS) to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division. At a minimum, the report on the NGSDLS shall include the following information:

- (1) Original project scope, deliverables, and milestones, including descriptions of any subsequent modifications and basis for each.
- (2) Contractual status and amendments.
- (3) Initial and current estimated costs for system development, implementation, and maintenance.
- (4) Remaining deliverables and cost to complete by phase.
- (5) Any issues, including vendor performance, identified during project development and implementation and planned corrective actions for each issue.
- (6) Programmatic impacts for Division of Motor Vehicles driver license services.
- (7) Requirements and costs to implement a process to allow persons who are homebound to apply for or renew a special photo identification card, with a color photo, and similar in size, shape, design, and background to a drivers license, by means other than personal appearance.

SECTION 7.19.(b) In the event of any changes in the NGSDLS project status occurring after submission of the report required by subsection (a) of this section, the Chief Information Officer of the Department of Transportation shall ensure that the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division are notified immediately of the changes.

STATE TITLING AND REGISTRATION SYSTEM/STATE AUTOMATED DRIVER LICENSE SYSTEM/LIABILITY INSURANCE TRACKING AND ENFORCEMENT SYSTEM

SECTION 7.20.(a) The Chief Information Officer of the Department of Transportation shall continue the replacement of the State Titling and Registration System (STARS), the State Automated Driver License System (SADLS), and the Liability Insurance Tracking and Enforcement System (LITES).

SECTION 7.20.(b) By August 1, 2013, and quarterly thereafter, the Chief Information Officer of the Department of Transportation shall report to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Transportation Oversight Committee, and the Fiscal Research Division on the status of each of the projects listed in subsection (a) of this section. At a minimum, the report shall include the following information for each project:

- (1) Project scope, milestones, and anticipated business process improvements.
- (2) Estimated development, implementation, and maintenance costs.
- (3) Project status, including any modifications to the project scope or revisions to baseline cost estimates.
- (4) Project accomplishments and changes in status for the previous quarter.
- (5) Actual costs incurred, by purpose and funding source, for the previous quarter.
- (6) Remaining cost to complete by project phase for the next two fiscal years.
- (7) Any issues, including vendor performance, identified during project development and implementation and planned corrective actions.

STATE PORTAL

SECTION 7.22. The State Chief Information Officer (SCIO) shall develop a plan to implement an electronic portal that makes obtaining information, conducting online transactions, and communicating with State agencies more convenient for members of the public. The SCIO shall report to the Joint Legislative Oversight Committee on Information Technology on the details of the plan prior to implementation. The plan shall contain all of the following:

- (1) A detailed description for development and implementation of the portal, to include a list of anticipated applications to be implemented during the State fiscal years of 2013-2017.
- (2) A description of how the portal will be implemented, including the use of outside vendors, detailed information on vendor participation, and potential costs.
- (3) Detailed information on the anticipated total cost of ownership of the portal and any applications proposed for implementation during the State fiscal years of 2013-2017, including the amount of any payments to be made to any vendors supporting the project for each application and the portal as a whole.
- (4) A funding model that limits the costs to the State.

- (5) If outsourced, a detailed, fully executable plan to return portal operations to the State, with associated costs and a detailed analysis that demonstrates that it is more cost-effective to use a vendor than to develop an application internally.
- (6) A provision requiring that any fees to support the operation of the portal must be authorized by the General Assembly.

PART VIII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 8.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand seven hundred forty-three dollars and forty-eight cents (\$3,743.48) per child. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and one-half percent (12.5%) of its 2013-2014 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 8.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand two hundred thirty-three dollars and one cent (\$1,233.01) per child for fiscal year 2013-2014 and 2014-2015. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2013-2014 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 8.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

- SECTION 8.3.(b)** Definitions. – As used in this section, the following definitions apply:
- (1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.
 - (2) "Anticipated total county revenue availability" means the sum of the following:
 - a. Anticipated county property tax revenue availability.
 - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
 - c. Sales tax hold harmless reimbursement received by the county under G.S. 105-521.
 - d. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
 - (3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.
 - (4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.
 - (5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains

only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

- (6) "County-adjusted property tax base" shall be computed as follows:
 - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
 - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual
 - c. Add to the resulting amount the following:
 - 1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
 - 2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
 - 3. Personal property value for the county.
- (7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.
- (8) "County wealth as a percentage of State average wealth" shall be computed as follows:
 - a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
 - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
 - c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
 - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) "Effective State average tax rate" means the average of effective county tax rates for all counties.
- (11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 8.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or

in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 8.3.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 8.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 8.3.(f) Minimum Effort Required. – A county that (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive full funding under this section. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

SECTION 8.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2013-2015 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local expenditures per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 8.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2013-2015 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 23,000 students shall receive the same amount of supplemental funding for low-wealth counties as received in the 2012-2013 fiscal year.

SECTION 8.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 8.3.(j) Reports. – For the 2013-2015 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 1 of each year if it determines that counties have supplanted funds.

SECTION 8.3.(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 8.4.(a) Funds for Small School Systems for the 2013-2014 Fiscal Year. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding for the 2013-2014 fiscal year (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,239 to 4,080 students. The allocation formula shall do all of the following:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four and provide seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least seven hundred seventeen thousand three hundred sixty dollars (\$717,360), excluding textbooks, for the 2013-2014 fiscal year.
- (6) Allot vocational education funds for grade six as well as for grades seven through 12. If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fully fund the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula also is not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 8.4.(b) Phase-Out Provisions for the 2013-2014 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the formula in subsection (a) of this section in the 2013-2014 fiscal year because of (i) an increase in the population of the county in which the local school administrative unit is located or (ii) an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be continued for the 2013-2014 fiscal year.

SECTION 8.4.(c) Eligibility for Funds for Small School Systems for the 2014-2015 Fiscal Year. – For the 2014-2015 fiscal year, if the total average daily membership of all local school administrative units located in the county is less than 3,200, the county school administrative unit within that county shall be eligible for small school system supplemental funding.

SECTION 8.4.(d) Allotment Formula for the 2014-2015 Fiscal Year. – Except as otherwise provided in subsection (g) of this section, for the 2014-2015 fiscal year, each eligible county school administrative unit shall receive a dollar allotment equal to the product of the following:

- (1) A per student funding factor, equal to the product of the following:
 - a. One, minus the local school administrative unit's average daily membership divided by the maximum small school system average daily membership.

- b. The maximum small school system dollars per student.
- (2) The average daily membership of the eligible county school administrative unit.

SECTION 8.4.(e) Phase-Out Provisions for the 2014-2015 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the formula in subsection (d) of this section in the 2014-2015 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2013-2014 in any fiscal year.

SECTION 8.4.(f) Maximum Allotments for the 2014-2015 Fiscal Year. – For the 2014-2015 fiscal year, the maximum small school system dollars per student shall be two thousand ninety-four dollars (\$2,094).

SECTION 8.4.(g) Nonsupplant Requirement for the 2013-2015 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2013-2015 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local expenditures per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

SECTION 8.4.(h) Definitions. – As used in this section, the following definitions apply for the 2013-2014 fiscal year:

- (1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education.
- (2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.
- (3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (4) "State-adjusted property tax base per student" means the sum of all county-adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.
- (5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 8.4.(i) Reports. – For the 2013-2015 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 1 of each fiscal year if it determines that counties have supplanted funds.

SECTION 8.4.(j) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 8.5.(a) Funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to:

- (1) Provide instructional positions or instructional support positions and/or professional development;
- (2) Provide intensive in-school and/or after-school remediation;
- (3) Purchase diagnostic software and progress-monitoring tools; and
- (4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 8.5.(b) Funds appropriated to a local school administrative unit for disadvantaged student supplemental funding (DSSF) shall be allotted based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- (1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
- (2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- (3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
- (4) For local school administrative units receiving DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 8.5.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 8.6. Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize, if necessary, to implement the budget reductions set out in this act. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department shall provide a current organization chart in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

LITIGATION RESERVE FUNDS

SECTION 8.7. The State Board of Education may expend up to five hundred thousand dollars (\$500,000) each year for the 2013-2014 and 2014-2015 fiscal years from unexpended funds for licensed employees' salaries to pay expenses related to litigation.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 8.8.(a) Funds appropriated for the Uniform Education Reporting System (UERS) shall not revert at the end of the 2012-2013 fiscal year. Funds appropriated for UERS for the 2013-2015 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.

SECTION 8.8.(b) This section becomes effective June 30, 2013.

REVISE NC VIRTUAL PUBLIC SCHOOLS (NCVPS) COST CALCULATION DATE

SECTION 8.9.(a) Section 7.22(d)(6) of S.L. 2011-145 is repealed.

SECTION 8.9.(b) In implementing the allotment formula for the North Carolina Virtual Public Schools (NCVPS) program, the State Board of Education shall calculate, no later than February 28 of each year, the actual instructional cost for each local school administrative unit and charter school based upon actual NCVPS enrollment as of that date.

NC CENTER FOR THE ADVANCEMENT OF TEACHING

SECTION 8.10. It is the intent of the General Assembly to systematically review the North Carolina Center for the Advancement of Teaching (NCCAT). This review is intended to assist the General Assembly in determining whether to continue, reduce, or eliminate funding for the program. NCCAT shall report the following information to the Fiscal Research Division no later than February 1, 2014:

- (1) A description of the program's mission, goals, and objectives.
- (2) An examination of the program's governance structure and an assessment of whether the existing governance structure adequately supports the program's mission, goals, and objectives.
- (3) The extent to which NCCAT's fund, agency, division, and program objectives complement General Assembly policies in the areas of digital learning and early grades literacy.
- (4) Performance measures for determining whether the program is meeting its mission, goals, and objectives.
- (5) Recommendations for statutory, budgetary, or administrative changes needed to improve the efficiency and effectiveness of the program.

SCHOOL BUS REPLACEMENT

SECTION 8.11.(a) G.S. 115C-249 reads as rewritten:

"§ 115C-249. Purchase and maintenance of school buses, materials and supplies.

(a) To the extent that the funds shall be made available to it for such purpose, a local board of education is authorized to purchase from time to time such additional school buses and service vehicles or replacements for school buses and service vehicles, as may be deemed by such board to be necessary for the safe and efficient transportation of pupils enrolled in the schools within such local school administrative unit. Any school bus so purchased shall be constructed and equipped as prescribed by the provisions of this Article and by the regulations of the State Board of Education issued pursuant thereto. Any school bus so purchased that is capable of operating on diesel fuel shall be capable of operating on diesel fuel with a minimum biodiesel concentration of B-20, as defined in G.S. 143-58.4. At least two percent (2%) of the total volume of fuel purchased annually by local school districts statewide for use in school bus diesel engine motor vehicles shall be biodiesel fuel of a minimum blend of B-20, to the extent that biodiesel blend is available and compatible with the technology of the vehicles or equipment used.

(b) The tax-levying authorities of any county are hereby authorized to make provision from time to time in the capital outlay budget of the county for the purchase of such school buses or service vehicles.

(c) Any funds appropriated from time to time by the General Assembly for the purchase of school buses or service vehicles shall be allocated by the State Board of Education to the respective local boards of education in accordance with the requirements of such boards as determined by the State Board of Education, and thereupon shall be paid over to the respective local boards of education in accordance with such allocation.

(c1) In determining which school buses in the statewide fleet are to be replaced with State funds in a given year, the State Board of Education shall give highest priority to safety concerns. A bus is eligible for replacement with State funds based on its age and mileage when it is either 20 years old by model year or has been operated for 250,000 miles, except as follows:

(1) A bus that has been operated for less than 150,000 miles is not eligible for replacement regardless of its model year.

(2) A bus that is less than 15 years old by model year is not eligible for replacement until the bus has been operated for 300,000 miles.

(c2) The State Board of Education may authorize the replacement of up to 30 buses each year due to safety concerns regarding the bus or mechanical or structural problems that would place an undue burden on a local school administrative unit.

(c3) A local school administrative unit shall receive an incentive payment of two thousand dollars (\$2,000) at the beginning of each school year for each bus that it continues to operate although the bus is eligible for replacement, until the bus is 23 years old by model year. The local school administrative unit may use these bonus funds for the additional maintenance costs of operating buses with higher mileage or for any other school purpose.

(d) The title to any additional or replacement school bus or service vehicle purchased pursuant to the provisions of this section, shall be taken in the name of the board of education of such local school administrative unit, and such bus shall in all respects be maintained and operated pursuant to the provisions of this Article in the same manner as any other public school bus.

(e) It shall be the duty of the county board of education to provide adequate buildings and equipment for the storage and maintenance of all school buses and service vehicles owned or operated by the board of education of any local school administrative unit in such county. It shall be the duty of the tax-levying authorities of such county to provide in its capital outlay budget for the construction or acquisition of such buildings and equipment as may be required for this purpose.

(f) In the event of the damage or destruction of any school bus or service vehicle by fire, collision, or otherwise, the board of education of the local school administrative unit which shall own or operate such bus or service vehicle may apply to the State Board of Education for funds with which to replace it. If the State Board of Education finds that such bus or service vehicle has been destroyed or damaged to the extent that it cannot be made suitable for further use, and if the State Board of Education finds that the replacement of such bus or service vehicle is necessary in order to enable such local school administrative unit to operate properly its school bus transportation system, the State Board of Education shall allot to the board of education of such local school administrative unit from the funds now held by the State Board of Education for the replacement of school buses or service vehicles, or from funds hereafter appropriated by the General Assembly for that purpose, a sum sufficient to purchase a new school bus or service vehicle to be used as a replacement for such damaged or destroyed bus or service vehicle and upon such allocation such sum shall be paid over to or for the account of the board of education of such local school administrative unit for such purpose.

(g) Repealed by Session Laws 2003-147, s. 3, effective for a local school administrative unit when the unit is certified as being E-Procurement compliant, or April 1, 2004, whichever occurs first.

(h) Appropriations by the General Assembly for the purchase of public school buses shall not revert to the General Fund. Any unexpended portion of those appropriations shall at the end of each fiscal year be transferred to a reserve account and be held, together with any other funds appropriated for the purpose, for the purchase of public school buses."

SECTION 8.11.(b) For the 2013-2015 fiscal biennium only, State funds shall be used, at the request of the local school administrative unit, to replace (i) all buses that are 20 years old by model year and (ii) all other buses eligible for replacement under G.S. 115C-249, as rewritten by subsection (a) of this section.

EVAAS SCHOOL PERFORMANCE GRADES

SECTION 8.13. The State Board of Education shall not be subject to the requirements of Section 7.7(c) of this act for the development of school performance scores and grades in accordance with G.S. 115C-12(9)c1.

LEA BUDGETARY FLEXIBILITY

SECTION 8.14. G.S. 115C-105.25 reads as rewritten:

"§ 115C-105.25. Budget flexibility.

(a) Consistent with improving student performance, a local board shall provide maximum flexibility to schools in the use of funds to enable the schools to accomplish their goals.

(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

~~(1) In accordance with a school improvement plan accepted under G.S. 115C-105.27, State funds allocated for teacher assistants may be transferred only for personnel (i) to serve students only in kindergarten through third grade, or (ii) to serve students primarily in kindergarten through third grade when the personnel are assigned to an elementary school to serve~~

the whole school. Funds allocated for teacher assistants may be transferred to reduce class size or to reduce the student teacher ratio in kindergarten through third grade so long as the affected teacher assistant positions are not filled when the plan is amended or approved by the building-level staff entitled to vote on the plan or the affected teacher assistant positions are not expected to be filled on the date the plan is to be implemented. Any State funds appropriated for teacher assistants that were converted to certificated teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may continue to be used for certificated teachers.

(1a) Funds for children with disabilities, career and technical education, and other purposes may be transferred only as permitted by federal law and the conditions of federal grants or as provided through any rules that the State Board of Education adopts to ensure compliance with federal regulations.

(2) In accordance with a school improvement plan accepted under G.S. 115C-105.27, (i) State funds allocated for classroom materials/instructional supplies/equipment may be transferred only for the purchase of textbooks; (ii) State funds allocated for textbooks may be transferred only for the purchase of instructional supplies, instructional equipment, or other classroom materials; and (iii) State funds allocated for noninstructional support personnel may be transferred only for teacher positions.

(2a) Up to three percent (3%) of State funds allocated for noninstructional support personnel may be transferred for staff development.

(3) No funds shall be transferred into the central office administration allotment category.

(4) Funds allocated for children with disabilities, for students with limited English proficiency, and for driver's education shall not be transferred.

(5) Funds allocated for classroom teachers may be transferred only for teachers of exceptional children, for teachers of at-risk students, and for authorized purposes under the textbooks allotment category and the classroom materials/instructional supplies/equipment allotment category.

(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to cover the costs associated with bringing visiting international exchange teachers to the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers.

(5b) Except as provided in subdivision (5a) of this subsection, positions allocated for classroom teachers and instructional support personnel may be converted to dollar equivalents for any purpose authorized by the policies of the State Board of Education. These positions shall be converted at the salary on the first step of the "A" Teachers Salary Schedule. Certified position allotments shall not be transferred to dollars to hire the same type of position.

(5c) Funds allocated for school building administration may be converted for any purpose authorized by the policies of the State Board of Education. For funds related to principal positions, the salary transferred shall be based on the first step of the Principal III Salary Schedule. For funds related to assistant principal months of employment, the salary transferred shall be based on the first step of the Assistant Principal Salary Schedule. Certified position allotments shall not be transferred to dollars to hire the same type of position.

(6) Funds allocated for vocational education may be transferred only in accordance with any rules that the State Board of Education considers appropriate to ensure compliance with federal regulations.

(7) Funds allocated for career development shall be used in accordance with Section 17.3 of Chapter 324 of the 1995 Session Laws.

(8) Funds allocated for academically or intellectually gifted students may be used only (i) for academically or intellectually gifted students; (ii) to implement the plan developed under G.S. 115C-150.7; or (iii) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or

~~intellectually gifted students assigned to that school in accordance with the local plan developed under G.S. 115C-150.7.~~

~~(9) Funds allocated in the Alternative Schools/At-Risk Student allotment shall be spent only for alternative learning programs, at-risk students, and school safety programs.~~

~~(10) Funds to carry out the elements of the Excellent Public Schools Act that are contained in Section 7A.1 of S.L. 2012-142 shall not be transferred.~~

(c) To ensure that parents, educators, and the general public are informed on how State funds have been used to address local educational priorities, each local school administrative unit shall publish the following information on its Web site by October 15 of each year:

(1) A description of each program report code, written in plain English, and a summary of the prior fiscal year's expenditure of State funds within each program report code.

(2) A description of each object code within a program report code, written in plain English, and a summary of the prior fiscal year's expenditure of State funds for each object code.

(3) A description of each allotment transfer that increased or decreased the initial allotment amount by more than five percent (5%) and the educational priorities that necessitated the transfer."

RESIDENTIAL SCHOOLS

SECTION 8.15.(a) The Department of Public Instruction shall not transfer any school-based personnel from the State's residential schools to central office administrative positions.

SECTION 8.15.(b) Notwithstanding G.S. 146-30 or any other provision of law, the Department of Public Instruction shall retain all proceeds generated from the rental of building space on the residential school campuses. The Department of Public Instruction shall use all receipts generated from these leases to staff and operate the North Carolina School for the Deaf, the Eastern North Carolina School for the Deaf, and the Governor Morehead School. These receipts shall not be used to support administrative functions within the Department.

EXCELLENT PUBLIC SCHOOLS ACT/SUMMER READING CAMPS

SECTION 8.16. Funds appropriated for the 2013-2015 fiscal biennium for summer reading camps as defined in G.S. 115C-83.3(9) shall not revert at the end of each fiscal year but shall remain available until expended.

PARTICIPATION IN COMMUNITIES IN SCHOOLS LEARNING INITIATIVE

SECTION 8.17.(a) The purpose of the Harvard University Reads for Summer Learning Initiative, which is conducted in concert with Communities In Schools of North Carolina, Inc. (CISNC), is to help at-risk children in grades two through four read at grade level by the fourth grade and to maintain their reading competency. Students who are enrolled in this initiative shall be exempt from mandatory retention requirements set out in G.S. 115C-83.7 and G.S. 115C-238.29F. Any student participating in this initiative and in need of more intensive intervention shall, however, be placed in a summer reading program as determined by the local school administrative unit and as approved by the child's parent or guardian.

SECTION 8.17.(b) CISNC shall report to the Joint Legislative Education Oversight Committee on the initiative by November 1, 2015. This report shall include reading competency outcome data for all participating students.

SECTION 8.17.(c) Subsection (a) of this section expires at the end of the 2014-2015 school year.

INSTRUCTIONAL IMPROVEMENT SYSTEM

SECTION 8.18.(a) It is the intent of the General Assembly that the optional portions of the Home Base Instructional Improvement System (System) shall be receipt-supported. The State Board of Education shall establish a cost not to exceed four dollars (\$4.00) per average daily membership for local school administrative units and charter schools that elect to participate in the optional portions of the System. A local school administrative unit or charter school may identify budget reductions to State Public School Fund allotments to cover the required payment.

SECTION 8.18.(b) If funds collected pursuant to subsection (a) of this section are not sufficient to cover the cost of the optional portions of the System, the State Board of Education may use funds appropriated to the Department of Public Instruction or State Aid for Public Schools for this purpose.

SECTION 8.18.(c) If funds collected pursuant to subsection (a) of this section exceed the cost of the optional portions of the System, such funds shall not revert and shall be used to reduce the per-student cost in the subsequent fiscal years.

SECTION 8.18.(d) This section becomes effective July 1, 2014.

STUDY OF GPA CALCULATIONS

SECTION 8.19. The Joint Legislative Education Oversight Committee shall study the State Board of Education's policy on calculating the weighted grade point average and class rank on high school transcripts, especially the proper weights for courses taken through community colleges, independent colleges, and universities. The Committee shall report the results of its study to the General Assembly prior to the convening of the 2014 Regular Session of the 2013 General Assembly.

REGIONAL SCHOOL BOARDS

SECTION 8.20. G.S. 115C-238.63(a) reads as rewritten:

"(a) Appointment. – A board of directors for a regional school shall consist of the following members. Appointed members of the board of directors shall be selected for their interest in and commitment to the importance of public education to regional economic development and to the purposes of the regional school.

(1) Local boards of education. – Each participating unit shall appoint one member to the board of directors from among the membership of the local board of education. Members appointed by local boards of education shall serve terms of four years.

(2) Local superintendents. – The local superintendent of the local school administrative unit identified as the finance agent for the regional school shall serve as an ex officio member of the board of directors. One additional superintendent shall be selected from among the superintendents of the participating units by those superintendents. The additional superintendent shall serve an initial term of two years. Subsequent appointees shall serve a term of four years.

(3) ~~Economic development region.~~ Business community. – ~~The Economic Development Regional Partnership for the economic development region – board of directors for the chamber of commerce of the county in which the regional school is located located, in consultation with the North Carolina Economic Developers Association, shall appoint at least three members as representatives of the business community. At least fifty percent (50%) of the members of the board of directors for the regional school shall be representatives of the business community appointed in accordance with this subdivision. At least one of the appointees shall be a resident of the county in which the regional school is located. The appointees shall serve an initial term of two years. Subsequent appointees shall serve a term of four years.~~

(4) Parent Advisory Council. – The Parent Advisory Council established by G.S. 115C-238.69 shall appoint a member to the board of directors from among the Council membership. The member appointed by the Council shall serve a term of four years or until the child of the parent no longer attends the regional school.

(5) Higher education partners. – Any institution of higher education partner may appoint a representative of the institution of higher education to serve as an ex officio member of the board of directors."

TEACH FOR AMERICA EXPANSION AND NC TEACHER CORPS

SECTION 8.21.(a) Teach for America, Inc. (TFA), shall use a portion of the funds available to it for the 2013-2015 fiscal biennium to recruit, train, support, and retain teachers to work in the North Carolina public schools. TFA shall leverage State funds to raise additional funding to achieve the purposes set out in this section and shall expand its current programs and initiate new programs as follows:

(1) TFA shall establish a program in the Piedmont Triad region (the area within and surrounding the three major cities of Greensboro, Winston-Salem, and High Point) and expand its current

program in the southeast region of the State. TFA shall establish the following goals for the number of teacher candidates accepted to these programs:

- a. In the Piedmont Triad region, at least 50 candidates who will be recruited in the 2013-2014 school year to begin teaching in the 2014-2015 school year.
- b. In the southeast region of the State, at least 50 candidates to begin teaching in the 2013-2014 school year.
- c. Combined for the southeast and northeast regions of the State, a total of at least 175 candidates beginning with the 2013-2014 school year.

(2) TFA shall develop and establish a new program, Teach Back Home, to increase the recruitment of candidates who are residents of North Carolina.

(3) TFA shall develop and establish two new programs, Teach Beyond Two and Make it Home, to increase the number of candidates who remain working in North Carolina public schools beyond their initial two-year TFA commitment by developing innovative strategies to work with both TFA participants and local school administrators and board of education members to extend the service commitment of TFA participants.

(4) TFA shall increase targeted recruitment efforts of candidates who are (i) working in areas related to STEM education, (ii) mid-career level and lateral entry industry professionals, and (iii) veterans of the United States Armed Forces.

SECTION 8.21.(b) By March 1, 2014, and by January 1, 2015, and annually thereafter, TFA shall report to the Joint Legislative Education Oversight Committee on the operation of its programs under subsection (a) of this section, including at least all of the following information:

(1) The total number of applications received nationally from candidates seeking participation in the program.

(2) The total number of applications received from candidates who are residents of North Carolina and information on the source of these candidates, including the number of (i) recent college graduates and the higher institution the candidates attended, (ii) mid-career level and lateral entry industry professionals, and (iii) veterans of the United States Armed Forces.

(3) The total number of North Carolina candidates accepted by TFA.

(4) The total number of accepted candidates placed in North Carolina, including the number of accepted candidates who are residents of North Carolina.

(5) The regions in which accepted candidates have been placed, the number of candidates in each region, and the number of students impacted by placement in those regions.

(6) Success of recruitment efforts, including the Teach Back Home program and targeting of candidates who are (i) working in areas related to STEM education, (ii) mid-career level and lateral entry industry professionals, and (iii) veterans of the United States Armed Forces.

(7) Success of retention efforts, including the Teach Beyond Two and Make it Home programs, and the percentage of accepted candidates working in their placement communities beyond the initial TFA two-year commitment period and the number of years those candidates teach beyond the initial commitment.

(8) A financial accounting of how the State funds appropriated to TFA were expended in the previous year, including at least the following information:

- a. Funds expended by region of the State.
- b. Details on program costs, including at least the following:
 1. Recruitment, candidate selection, and placement.
 2. Preservice training and preparation costs.
 3. Operational and administrative costs, including development and fundraising, alumni support, management costs, and marketing and outreach.
- c. Funds received through private fundraising, specifically by sources in each region of the State.

SECTION 8.21.(c) Effective July 1, 2014, G.S. 115C-296.7 is amended by adding a new subsection to read:

"(h) The State Board of Education is authorized to contract for the administration of the NC Teacher Corps."

SECTION 8.21.(c1) The State Board of Education shall enter into a contract, effective July 1, 2014, with Teach for America, Inc., (TFA) to administer provisions of G.S. 115C-296.7. The contract shall require that TFA make publicly available all documents related to the execution of this program and the expenditure of State funds.

SECTION 8.21.(d) Beginning with the 2014-2015 fiscal year, TFA shall use a portion of the funds available to it to administer the NC Teacher Corps program in accordance with subsection (c1) of this section. TFA may also use a portion of the funds available to it for the 2013-2014 fiscal year to recruit a cohort of NC Teacher Corps members for the 2014-2015 school year. TFA shall include information regarding the operation of the NC Teacher Corps in its annual report to the Joint Legislative Education Oversight Committee by January 1, 2015, and annually thereafter, as required under subsection (b) of this section.

SECTION 8.21.(e) TFA shall submit quarterly updates on the information contained in the annual report required by this section to the offices of the President Pro Tempore of the Senate and the Speaker of the House of Representatives, the Chairs of the Senate Appropriations/Base Budget Committee, the House Appropriations Committee, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Subcommittee on Education, and the Fiscal Research Division.

SECTION 8.21.(f) The State Board of Education shall provide ongoing support through coaching, mentoring, and continued professional development to NC Teacher Corps members who were placed in North Carolina public schools in accordance with G.S. 115C-296.7 for the 2012-2013 and 2013-2014 school years.

PHASE OUT CERTAIN TEACHER SALARY SUPPLEMENTS

SECTION 8.22. Notwithstanding Section 35.11 of this act, no teachers or instructional support personnel, except for certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure, shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2014-2015 school year, unless they were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.

PUBLIC-PRIVATE PARTNERSHIPS FOR THE READ TO ACHIEVE PROGRAM

SECTION 8.23. Local school administrative units shall consider the utilization of public-private partnerships in implementing the requirements of the North Carolina Read to Achieve Program. The Department of Public Instruction may recommend nonprofit organizations with expertise in literacy training in low-performing schools and the ability to leverage private resources to partner with the local school administrative units in implementing the program.

INVESTING IN INNOVATION GRANT

SECTION 8.25.(a) Section 7.17 of S.L. 2012-142 is repealed.

SECTION 8.25.(b) The federal Investing in Innovation Fund Grant: Validating Early College Strategies for Traditional Comprehensive High Schools awarded to the North Carolina New Schools Project for 2012-2017 requires students to enroll in a community college course in the 10th grade. Notwithstanding any other provision of law, specified local school administrative units may offer one community college course to participating sophomore (10th grade) students. Participating local school administrative units are Alleghany, Beaufort, Hertford, Jones, Madison, Richmond, Rutherford, Surry, Warren, Wilkes, and Yancey County Schools.

SECTION 8.25.(c) Grant funds shall be used to pay for all costs incurred by the local school administrative units and the community college partners to implement the grant, including community college FTE. Community colleges shall not earn budget FTE for student course enrollments supported with this grant.

SECTION 8.25.(d) Research for the project shall address the effects of early college strategies in preparing students for college completion. The North Carolina New Schools Project shall report on the implementation of the grant to the State Board of Education, State Board of Community Colleges, Office of the Governor, and the Joint Legislative Education Oversight Committee no later than March 15, 2014, and annually thereafter until the end of the grant period.

BROADEN SUCCESSFUL PARTICIPATION IN ADVANCED COURSES

SECTION 8.27.(a) G.S. 115C-12(9)c1. reads as rewritten:

"c1. To issue an annual "report card" for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance based on the growth in performance of the students in each school and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account factors that have been shown to affect student performance and that the State Board considers relevant to assess the State's efforts to improve student performance. As a part of the annual "report card" for each local school administrative unit, the State Board shall award an overall numerical school performance score on a scale of zero to 100 and a corresponding letter grade of A, B, C, D, or F earned by each school within the local school administrative unit. The school performance score and grade shall reflect student performance on annual subject-specific assessments, college and workplace readiness measures, and graduation rates. For schools serving students in any grade from kindergarten to eighth grade, separate performance scores and grades shall also be awarded based on the school performance in reading and mathematics respectively. The annual "report card" for schools serving students in third grade also shall include the number and percentage of third grade students who (i) take and pass the alternative assessment of reading comprehension; (ii) were retained in third grade for not demonstrating reading proficiency as indicated in G.S. 115C-83.7(a); and (iii) were exempt from mandatory third grade retention by category of exemption as listed in G.S. 115C-83.7(b). The annual "report card" for high schools shall also include measures of Advanced Placement course participation and International Baccalaureate Diploma Programme participation and Advanced Placement and International Baccalaureate examination participation and performance."

SECTION 8.27.(b) Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-83.4A. Advanced courses.

(a) It is the intent of the State to enhance accessibility and encourage students to enroll in and successfully complete more rigorous advanced courses to enable success in postsecondary education for all students. For the purposes of this section, an advanced course is an Advanced Placement or International Baccalaureate Diploma Programme course. To attain this goal, to the extent funds are made available for this purpose, students enrolled in public schools shall be exempt from paying any fees for administration of examinations for advanced courses and registration fees for advanced courses in which the student is enrolled regardless of the score the student achieves on an examination.

(b) Eligible secondary students shall be encouraged to enroll in advanced courses to expose them to more rigorous coursework while still in secondary school. Successfully completing advanced courses will increase the quality and level of students' preparation for postsecondary career paths and their pursuit of higher education.

(c) The results of student diagnostic tests administered pursuant to G.S. 115C-174.18 and G.S. 115C-174.22, such as the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) and ACT, shall be used to identify students who are prepared or who need additional work to be prepared to enroll and be successful in advanced courses. Students may also be identified for potential enrollment in advanced courses based on other criteria established by schools to increase access to those courses for their students.

(d) Local boards of education shall provide information to students and parents on available opportunities and the enrollment process for students to take advanced courses. The information shall explain the value of advanced courses in preparing students for postsecondary level coursework, enabling students to gain access to postsecondary opportunities, and qualifying for scholarships and other financial aid opportunities.

(e) Local boards of education shall ensure that all high school students have access to advanced courses in language arts, mathematics, science, and social studies. Such access may be provided through enrollment in courses offered through or approved by the North Carolina Virtual Public School.

(f) The State Board of Education shall seek a partner, such as the College Board, to form the North Carolina Advanced Placement Partnership, hereinafter referred to as Partnership, to assist in

improving college readiness of secondary students and to assist secondary schools to ensure that students have access to high-quality, rigorous academics with a focus on access to Advanced Placement courses. In order to implement its responsibilities under this section, the partner selected by the State Board of Education shall provide staff to do the following:

- (1) Provide professional development in the form of support and training to enable teachers of Advanced Placement courses to have the necessary content knowledge, instructional skills, and materials to prepare students for success in Advanced Placement courses and examinations and mastery of postsecondary course content.
- (2) Provide administrators, including principals and counselors, with professional development that will enable them to create strong and effective Advanced Placement courses in their schools.
- (3) Provide teachers of students in grades seven through 12 with preadvanced course professional development and materials that prepare students for success in Advanced Placement courses.
- (4) Provide consulting expertise and technical assistance to support implementation.
- (5) Prioritize assistance to schools designated as low-performing by the State Board of Education and provide for frequent visits to the schools targeted by the Partnership.
- (g) The Partnership shall report annually to the Department of Public Instruction on the Partnership's implementation of its responsibilities under subsection (f) of this section.
- (h) Beginning October 1, 2014, the State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on advanced courses in North Carolina. The report shall include, at a minimum, the following information:
 - (1) The North Carolina Advanced Placement Partnership's report to the Department of Public Instruction as required by subsection (g) of this section and the State Board's assessment of that report.
 - (2) Number of students enrolled in advanced courses and participating in advanced course examinations, including demographic information by gender, race, and free and reduced-price lunch status.
 - (3) Student performance on advanced course examinations, including information by course, local school administrative unit, and school.
 - (4) Number of students participating in 10th grade PSAT/NMSQT testing.
 - (5) Number of teachers attending summer institutes offered by the North Carolina Advanced Placement Partnership.
 - (6) Distribution of funding appropriated for advanced course testing fees and professional development by local school administrative unit and school.
 - (7) Status and efforts of the North Carolina Advanced Placement Partnership.
 - (8) Other trends in advanced courses and examinations."

SECTION 8.27.(c) G.S. 115C-174.18 reads as rewritten:

"§ 115C-174.18. Opportunity to take ~~Preliminary Scholastic Aptitude Test~~ Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT).

Every student in the eighth through tenth grades who has completed Algebra I or who is in the last month of Algebra I shall be given an opportunity to take a version of ~~the Preliminary Scholastic Aptitude Test (PSAT)~~ either the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the ACT, at the discretion of the local school administrative unit, one time at ~~State expense~~, no cost to the student. The maximum amount of State funds used for this purpose shall be the cost of the PSAT/NMSQT."

SECTION 8.27.(d) Of the funds appropriated to the Department of Public Instruction to implement the requirements of this section, ten million eight hundred thirty-one thousand one hundred eighty-four dollars (\$10,831,184) for the 2014-2015 fiscal year shall be used to fund fees for testing in advanced courses and one million five hundred thousand dollars (\$1,500,000) for each fiscal year shall be used by the North Carolina Advanced Placement Partnership to carry out its responsibilities as set forth in this section. Funding appropriated for professional development may be used by the State Board of Education to contract with an independent evaluator to assess the implementation and impact of advanced

course programs in North Carolina. For the purposes of this section, the term "advanced courses" means an Advanced Placement or International Baccalaureate Diploma Programme course.

SECTION 8.27.(e) Beginning with the 2014-2015 school year, the State Board of Education shall use funds allocated in subsection (d) of this section to do all of the following:

- (1) provide funds to local school administrative units to pay testing fees for advanced courses for all students.
- (2) Provide funds to the North Carolina Advanced Placement Partnership for professional development for teachers of Advanced Placement courses.

SECTION 8.27.(f) Except as otherwise provided in this section, this section applies beginning with the 2013-2014 school year.

INCREASE SUCCESSFUL CAREER AND TECHNICAL EDUCATION (CTE) PARTICIPATION

SECTION 8.28.(a) G.S. 115C-12 is amended by adding a new subdivision to read:

"(41) To Establish Career and Technical Education Incentives. – The State Board of Education shall establish, implement, and determine the impact of a career and technical education incentive program as provided under G.S. 115C-156.2."

SECTION 8.28.(b) Article 10 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-156.2. Industry certifications and credentials program.

(a) It is the intent of the State to encourage students to enroll in and successfully complete rigorous coursework and credentialing processes in career and technical education to enable success in the workplace. To attain this goal, to the extent funds are made available for this purpose, students shall be supported to earn approved industry certifications and credentials.

- (1) Students enrolled in public schools and in career and technical education courses shall be exempt from paying any fees for one administration of examinations leading to industry certifications and credentials pursuant to rules adopted by the State Board of Education.
- (2) Each school year, at such time as agreed to by the Department of Commerce and the State Board of Education, the Department of Commerce shall provide the State Board of Education with a list of those occupations in high need of additional skilled employees. If the occupations identified in such list are not substantially the same as those occupations identified in the list from the prior year, reasonable notice of such changes shall be provided to local school administrative units.
- (3) Local school administrative units shall consult with their local industries, employers, and workforce development boards to identify industry certification and credentials that the local school administrative unit may offer to best meet State and local workforce needs.

(b) Beginning in 2014, the State Board of Education shall report to the Joint Legislative Education Oversight Committee by September 1 of each year on the number of students in career and technical education courses who earned (i) community college credit and (ii) related industry certifications and credentials."

SECTION 8.28.(c) This section applies beginning with the 2013-2014 school year.

OPPORTUNITY SCHOLARSHIPS

SECTION 8.29.(a) Article 39 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 2A. Scholarship Grants.

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

- (1) Authority. – The State Education Assistance Authority.
- (2) Eligible students. – A student who has not yet received a high school diploma and who meets all of the following requirements:
 - a. Meets one of the following criteria:

1. Was a full-time student assigned to and attending a public school pursuant to G.S. 115C-366 during the previous semester.
2. Received a scholarship grant during the previous school year.
3. Is entering either kindergarten or the first grade.
4. Is a child in foster care as defined in G.S. 131D-10.2(9).
5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.
- b. Resides in a household with an income level not in excess of one hundred thirty-three percent (133%) of the amount required for the student to qualify for the federal free or reduced-price lunch program.
- (3) Division. – The Division of Nonpublic Education, Department of Administration.
- (4) Local school administrative unit. – A local school administrative unit, charter school, or regional school.
- (5) Nonpublic school. – A school that meets the requirements of Part 1 or Part 2 of this Article as identified by the Division.
- (6) Scholarship grants. – Grants awarded annually by the Authority to eligible students.

"§ 115C-562.2. Scholarship grants.

(a) The Authority shall make available no later than February 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic school. Information about scholarship grants and the application process shall be made available on the Authority's Web site. Beginning March 1, the Authority shall begin awarding scholarship grants according to the following criteria:

- (1) First priority shall be given to eligible students who received a scholarship grant during the previous school year if those students have applied by March 1.
- (2) After scholarship grants have been awarded to prior recipients as provided in subdivision (1) of this subsection, scholarships shall be awarded with remaining funds as follows:
 - a. At least fifty percent (50%) of the remaining funds shall be used to award scholarship grants to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program.
 - b. No more than thirty-five percent (35%) of the remaining funds shall be used to award scholarship grants to eligible students entering either kindergarten or first grade.
 - c. Any remaining funds shall be used to award scholarship grants to all other eligible students.

(b) Scholarship grants awarded to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of up to four thousand two hundred dollars (\$4,200) per year. Scholarship grants awarded to eligible students residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of not more than ninety percent (90%) of the required tuition and fees for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school. No scholarship grant shall exceed four thousand two hundred dollars (\$4,200) per year per eligible student, and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend.

(c) The Authority shall permit an eligible student receiving a scholarship grant to enroll in a different nonpublic school and remain eligible. An eligible student receiving a scholarship grant who transfers to another nonpublic school during the year may be eligible to receive a pro rata share of any unexpended portion of the scholarship grant for tuition and fees at the nonpublic school to which the student transfers.

(d) The Authority shall establish rules and regulations for the administration and awarding of scholarship grants and may include in those rules a lottery process for selection of scholarship grant recipients within the criteria established by this section.

"§ 115C-562.3. Verification of eligibility.

(a) The Authority may seek verification of information on any application for scholarship grants from eligible students. The Authority shall select and verify a random sample of no less than six percent (6%) of applications annually. The Authority shall establish rules for the verification process and may use the federal verification requirements process for free and reduced-price lunch applications as guidance for those rules. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant to the eligible student.

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Revenue, the Department of Health and Human Services, and the Department of Public Instruction.

"§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant information.

(a) The Division shall provide annually by February 1 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1 or Part 2 of this Article. The Division shall notify the Authority of any schools included in the list that the Division has determined to be ineligible within five business days of the determination of ineligibility.

(b) The Authority shall provide information about the scholarship grant program to the Division, including applications and the obligations of nonpublic schools accepting eligible students receiving scholarship grants. The Division shall ensure that information about the scholarship grant program is provided to all qualified nonpublic schools on an annual basis.

"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving scholarship grants.

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall comply with the following:

- (1) Provide to the Authority documentation for required tuition and fees charged to the student by the nonpublic school.
- (2) Conduct a criminal background check for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing document, to ensure that person has not been convicted of any crime listed in G.S. 115C-332.
- (3) Provide to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with a scholarship grant, an annual written explanation of the student's progress, including the student's scores on standardized achievement tests.
- (4) Administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school to all eligible students whose tuition and fees are paid in whole or in part with a scholarship grant enrolled in grades three and higher. The nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes.
- (5) Provide to the Authority graduation rates of the students receiving scholarship grants in a manner consistent with nationally recognized standards.
- (6) Contract with a certified public accountant to perform a financial review, consistent with generally accepted accounting principles, for each school year in which the school accepts students receiving more than three hundred thousand dollars (\$300,000) in scholarship grants awarded under this Part.

(b) A nonpublic school that accepts students receiving scholarship grants shall not require any additional fees based on the status of the student as a scholarship grant recipient.

(c) A nonpublic school enrolling more than 25 students whose tuition and fees are paid in whole or in part with a scholarship grant shall report to the Authority on the aggregate standardized test performance of eligible students. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. Test performance data may be shared with public or private institutions of higher education

located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.

(d) A nonpublic school accepting students receiving scholarship grants that fails to comply with the requirements of this section shall be ineligible to receive future scholarship grants if the Authority determines that the nonpublic school is not in compliance with the requirements of this section. The nonpublic school shall notify the parent or guardian of any enrolled student receiving a scholarship grant that the nonpublic school is no longer eligible to receive future scholarship grants. A nonpublic school may appeal for reconsideration of eligibility after one year.

"§ 115C-562.6. Scholarship endorsement.

The Authority shall remit, at least two times each school year, scholarship grant funds awarded to eligible students to the nonpublic school for endorsement by at least one of the student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship grant funds awarded to the eligible student to the nonpublic school for deposit into the account of the nonpublic school. The parent or guardian shall not designate any entity or individual associated with the nonpublic school as the parent's attorney-in-fact to endorse the scholarship grant funds but shall endorse the scholarship grant funds in person at the site of the nonpublic school. A parent's or guardian's failure to comply with this section shall result in forfeit of the scholarship grant. A scholarship grant forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student.

"§ 115C-562.7. Authority reporting requirements.

(a) The Authority shall report to the Department of Public Instruction annually, no later than September 1, the number and names of students who have received scholarship grants for the current school year and who were enrolled the prior semester in a local school administrative unit by the previously attended local school administrative unit. By September 15 of each year, the State Board of Education shall determine the amount of the reduction for each local school administrative unit by multiplying the students who have received scholarship grants for the current school year and who were enrolled the prior semester in a local school administrative unit by the per pupil allocation for average daily membership from the local school administrative unit. Local school administrative units shall identify to the Department of Public Instruction the reductions to State General Fund appropriations for Opportunity Scholarships by October 1 of each year.

(b) The Authority shall report annually, no later than March 1, to the Joint Legislative Education Oversight Committee on the following:

- (1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship grants.
- (2) Total amount of scholarship grant funding awarded.
- (3) Number of students previously enrolled in local school administrative units or charter schools in the prior semester by the previously attended local school administrative unit or charter school.
- (4) Nonpublic schools in which scholarship grant recipients are enrolled, including numbers of scholarship grant students at each nonpublic school.
- (5) Nonpublic schools deemed ineligible to receive scholarships.

(c) The Authority shall report annually, no later than December 1, to the Department of Public Instruction and the Joint Legislative Education Oversight Committee on the following:

- (1) Learning gains or losses of students receiving scholarship grants. The report shall include learning gains of participating students on a statewide basis and shall compare, to the extent possible, the learning gains or losses of eligible students by nonpublic school to the statewide learning gains or losses of public school students with similar socioeconomic backgrounds, using aggregate standardized test performance data provided to the Authority by nonpublic schools and by the Department of Public Instruction.
- (2) Competitive effects on public school performance on standardized tests as a result of the scholarship grant program. The report shall analyze the impact of the availability of scholarship grants on public school performance on standardized tests by local school administrative units to the extent possible, and shall provide comparisons of

the impact by geographic region and between rural and urban local school administrative units.

This report shall be conducted by an independent research organization to be selected by the Authority, which may be a public or private entity or university. The independent research organization shall report to the Authority on the results of its research. The Joint Legislative Education Oversight Committee shall review reports from the Authority and shall make ongoing recommendations to the General Assembly as needed regarding improving administration and accountability for nonpublic schools accepting students receiving scholarship grants."

SECTION 8.29.(b) G.S. 110-86(2) reads as rewritten:

"(2) Child care. – A program or arrangement where three or more children less than 13 years old, who do not reside where the care is provided, receive care on a regular basis of at least once per week for more than four hours but less than 24 hours per day from persons other than their guardians or full-time custodians, or from persons not related to them by birth, marriage, or adoption. Child care does not include the following:

...

f. Nonpublic schools described in Part 2 of Article 39 of Chapter 115C of the General Statutes that are accredited by national or regional accrediting agencies with early childhood standards ~~the Southern Association of Colleges and Schools~~ and that operate a child care facility as defined in subdivision (3) of this section for less than six and one-half hours per day either on or off the school site;

...."

SECTION 8.29.(c) G.S. 115C-555 reads as rewritten:

"§ 115C-555. Qualification of nonpublic schools.

The provisions of this Part shall apply to any nonpublic school which has one or more of the following characteristics:

- (1) It is accredited by the State Board of Education.
- (2) It is accredited by ~~the Southern Association of Colleges and Schools~~ a national or regional accrediting agency.
- (3) It is an active member of the North Carolina Association of Independent Schools.
- (4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship grant funds awarded pursuant to Part 2A of this Article to eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

SECTION 8.29.(d) G.S. 116-204 reads as rewritten:

"§ 116-204. Powers of Authority.

The Authority is hereby authorized and empowered:

...

(11) To administer the awarding of scholarship grants to students attending nonpublic schools as provided in Part 2A of Article 39 of Chapter 115C of the General Statutes."

SECTION 8.29.(e) Notwithstanding the awards criteria in G.S. 115C-562.2(a)(1) and (2), as enacted by this section, and the definition of eligible student in G.S. 115C-562.1(2), as enacted by this section, for the 2014-2015 school year, to be eligible to receive a scholarship grant, a student shall meet both of the following criteria:

- (1) Reside in a household with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program.
- (2) Be a full-time student who has not yet received a high school diploma and is assigned to and attending a public school pursuant to G.S. 115C-366 during the 2014 spring semester.

The Authority shall establish temporary rules and regulations for the administration and awarding of scholarship grants in 2014-2015, which may include a process for awarding grants using a random lottery system.

SECTION 8.29.(f) The Authority may retain up to four hundred thousand dollars (\$400,000) annually for administrative costs associated with the scholarship grant program.

SECTION 8.29.(g) The Authority shall select an independent research organization, as required by G.S. 115C-562.7, as enacted by this section, beginning with the 2017-2018 school year. The first

learning gains report required by G.S. 115C-562.7, as enacted by this section, shall not be due until December 1, 2018. The first financial review for a nonpublic school that accepts scholarship grant funds, as required by G.S. 115C-562.5(a)(6), as enacted by this section, shall not be required until the 2015-2016 school year.

SECTION 8.29.(h) This section applies beginning with the 2014-2015 school year. In accordance with G.S. 115C-562.2, as enacted by this section, the Authority shall make applications available for the 2014-2015 school year no later than February 1, 2014, and shall begin awarding grants no later than March 1, 2014. Information about scholarship grants and the application process shall be made available on the Authority's Web site. In accordance with G.S. 115C-562.4, as enacted by this section, the Division of Nonpublic Education, Department of Administration, shall make available to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes no later than February 1, 2014.

REPEAL REQUIREMENT THAT SCHOOLS PROVIDE READING WORKSHOPS FOR PARENTS OF STUDENTS WHO HAVE BEEN RETAINED

SECTION 8.30. G.S. 115C-83.8(d) is repealed.

TASK FORCE TO STUDY TEACHER AND SCHOOL ADMINISTRATOR EFFECTIVENESS AND COMPENSATION

SECTION 8.31.(a) Establishment. – The North Carolina Educator Effectiveness and Compensation Task Force is established.

SECTION 8.31.(b) Membership. – The Task Force shall be composed of 18 members as follows:

- (1) Nine members appointed by the Speaker of the House of Representatives as follows:
 - a. Four persons who are members of the House of Representatives at the time of appointment, at least two of whom represent the minority party.
 - b. A representative of the Department of Public Instruction.
 - c. A classroom teacher, as recommended by the North Carolina Association of Educators.
 - d. A school principal, as recommended by the North Carolina Association of School Administrators.
 - e. A representative of a North Carolina institution of higher education that offers a teacher education program and a master's degree program in education or school administration.
 - f. /A representative from the Professional Educators of North Carolina.
- (2) Nine members appointed by the President Pro Tempore of the Senate as follows:
 - a. Four persons who are members of the Senate at the time of appointment, at least two of whom represent the minority party.
 - b. A parent of a public school student.
 - c. Two classroom teachers.
 - d. A school system superintendent or public school principal.
 - e. A local school board member.

The Task Force shall have two cochairs, one designated by the President Pro Tempore of the Senate and one designated by the Speaker of the House of Representatives from among their appointees. The Task Force shall meet upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of the Task Force shall be a majority of the members.

SECTION 8.31.(c) Duties. – The Task Force shall make recommendations on whether to create a statewide model of incentives to encourage the recruitment and retention of highly effective educators and to consider the transition to an alternative compensation system for educators. In developing recommendations, the Task Force shall consider at least the following factors:

- (1) Alternatives to or simplification of the current teacher and school principal salary schedules, including the need for "hold harmless" options or a choice in compensation structure to avoid reduction in pay for current educators.
- (2) Incorporating the feedback of educators in order to maximize buy-in.
- (3) The integration of school-level performance measures in an alternative compensation system.

- (4) Whether local school administrative units may create their own customized alternative compensation systems in lieu of or in addition to a statewide system, including necessary parameters such as funding flexibility and guidelines for local boards of education.
- (5) The use of incentive pay to recruit and retain educators to teach in hard to staff areas.
- (6) The recognition of educator responsibilities and leadership roles such as mentoring of beginning teachers and instructional coaching.
- (7) Methods for identifying effective teaching and its relationship to an alternative compensation system, including:
 - a. The correlation of student outcomes with effective teaching.
 - b. The use of multiple teacher evaluation measures and feedback methods to recognize effective teaching such as classroom observations, student surveys, video training for teachers, and standard measures of student achievement.
 - c. The use of multiple teacher observations, including at least one observer from outside of the teacher's school.
 - d. The correlation to annual student growth and performance data, evaluations, effectiveness levels, and a three-year average of student growth.
- (8) Barriers to the implementation of alternative compensation systems.
 - (9) Educator compensation reform in other states and North Carolina pilot programs currently utilizing alternative compensation.
- (10) Effective strategies for retaining effective teachers.

SECTION 8.31.(d) Compensation; Administration. – Members of the Task Force shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. With the prior approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Task Force. With the prior approval of the Legislative Services Commission, the Task Force may hold its meetings in the State Legislative Building or the Legislative Office Building. The Task Force may also meet at various locations around the State in order to promote greater public participation in its deliberations. The Task Force, while in the discharge of its official duties, may exercise all the powers provided under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records or otherwise available to them, and the power to subpoena witnesses.

SECTION 8.31.(e) Transfer of Funds. – The Department of Public Instruction shall transfer all funds appropriated in this act for the Task Force to Budget Code 11000 in the General Assembly to support its operations in accordance with the requirements of this section.

SECTION 8.31.(f) Report. – The Task Force shall report its findings and recommendations to the 2014 Regular Session of the 2013 General Assembly no later than April 15, 2014. The Task Force shall terminate on April 15, 2014, or upon the filing of its final report, whichever occurs first.

EDUCATION AND WORKFORCE INNOVATION PROGRAM

SECTION 8.34.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 6C.

"Education and Workforce Innovation Program.

"§ 115C-64.10. North Carolina Education and Workforce Innovation Commission.

(a) There is created the North Carolina Education and Workforce Innovation Commission (Commission). The Commission shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed powers independently of the Department of Public Instruction. Of the funds appropriated for the Education and Workforce Innovation Program established under G.S. 115C-64.11, up to two hundred thousand dollars (\$200,000) each fiscal year may be used by the Department of Public Instruction to provide technical assistance and administrative assistance, including staff, to the Commission and reimbursements and expenses for the Commission.

(b) The Commission shall consist of the following 11 members:

- (1) The Secretary of Commerce.
- (2) The State Superintendent of Public Instruction.

- (3) The Chair of the State Board of Education.
- (4) The President of The University of North Carolina.
- (5) The President of the North Carolina Community College System.
- (6) Two members appointed by the Governor who have experience in education.
- (7) Two members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.
- (8) Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(c) The Commission members shall elect a chair from the membership of the Commission. The Commission shall meet at least three times annually on the call of the Chair or as additionally provided by the Commission. A quorum is six members of the Commission. Members may not send designees to Commission meetings nor may they vote by proxy.

(d) The Commission shall develop and administer the Education and Workforce Innovation Program, as established under G.S. 115C-64.11, and make awards of grants under the Program. The Commission shall work closely with the North Carolina New Schools in administering the program.

(e) The Commission shall publish a report on the Education and Workforce Innovation Program on or before April 30 of each year. The report shall be submitted to the Joint Legislative Education Oversight Committee, the State Board of Education, the State Board of Community Colleges, and the Board of Governors of The University of North Carolina. The report shall include at least all of the following information:

- (1) An accounting of how funds and personnel resources were utilized and their impact on student achievement, retention, and employability.
- (2) Recommended statutory and policy changes.
- (3) Recommendations for improvement of the program.

"§ 115C-64.11. The Education and Workforce Innovation Program.

(a) Program Establishment. – There is established the Education and Workforce Innovation Program (Program) to foster innovation in education that will lead to more students graduating career and college ready. Funds appropriated to the Program shall be used to award competitive grants to an individual school, a local school administrative unit, or a regional partnership of more than one local school administrative unit to advance comprehensive, high-quality education that equips teachers with the knowledge and skill required to succeed with all students. Before receiving a grant, applicants must meet all of the following conditions:

- (1) Form a partnership, for the purposes of the grant, with either a public or private university or a community college.
- (2) Form a partnership, for the purposes of the grant, with regional businesses and business leaders.
- (3) Demonstrate the ability to sustain innovation once grant funding ends.

(b) Applicant Categories and Specific Requirements. –

- (1) Individual schools. – Individual public schools must demonstrate all of the following in their applications:
 - a. Partnerships with business and industry to determine the skills and competencies needed for students' transition into growth sectors of the regional economy.
 - b. Aligned pathways to employment, including students' acquisition of college credit or industry recognized credentials.
 - c. Development of systems, infrastructure, capacity, and culture to enable teachers and school leaders to continuously focus on improving individual student achievement.
- (2) Local school administrative units. – Local school administrative units must demonstrate all of the following in their applications:
 - a. Implementation of comprehensive reform and innovation.

- b. Appointment of a senior leader to manage and sustain the change process with a specific focus on providing parents with a portfolio of meaningful options among schools.
- (3) Regional partnerships of two or more local school administrative units. – Partnerships of two or more local school administrative units must demonstrate all of the following in their applications:
 - a. Implementation of resources of partnered local school administrative units in creating a tailored workforce development system for the regional economy and fostering innovation in each of the partnered local school administrative units.
 - b. Promotion of the development of knowledge and skills in career clusters of critical importance to the region.
 - c. Benefits of the shared strengths of local businesses and higher education.
 - d. Usage of technology to deliver instruction over large geographic regions and build networks with industry.
 - e. Implementation of comprehensive reform and innovation that can be replicated in other local school administrative units.
- (c) Consideration of Factors in Awarding of Grants. – All applications must include information on at least the following in order to be considered for a grant:
 - (1) Describe the aligned pathways from school to high-growth careers in regional economies.
 - (2) Leverage technology to efficiently and effectively drive teacher and principal development, connect students and teachers to online courses and resources, and foster virtual learning communities among faculty, higher education partners, and business partners.
 - (3) Establish a comprehensive approach to enhancing the knowledge and skills of teachers and administrators to successfully implement the proposed innovative program and to graduate all students ready for work and college.
 - (4) Link to a proven provider of professional development services for teachers and administrators capable of providing evidence-based training and tools aligned with the goals of the proposed innovative program.
 - (5) Form explicit partnerships with businesses and industry, which may include business advisory councils, internship programs, and other customized projects aligned with relevant workforce skills.
 - (6) Partner with community colleges or public or private universities to enable communities to challenge every student to graduate with workplace credentials or college credit.
 - (7) Align K-12 and postsecondary instruction and performance expectations to reduce the need for college remediation courses.
 - (8) Secure input from parents to foster broad ownership for school choice options and to foster greater understanding of the need for continued education beyond high school.
 - (9) Provide a description of the funds that will be used and a proposed budget for five years.
 - (10) Describe the source of matching funds required in subsection (d) of this section.
 - (11) Establish a strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.
- (d) Matching Private and Local Funds. – All funds appropriated by the State must be matched by a combination of private and local funds. All grant applicants must fund twenty-five percent (25%) of program costs through local funds. An additional twenty-five percent (25%) of program costs must be raised by private funds.
- (e) Grants. – Any grants awarded by the Commission may be spent over a five-year period from the initial award.

(f) Reporting Requirements. – No later than March 1 of each year, a grant recipient shall submit to the Commission an annual report for the preceding grant year that describes the academic progress made by the students and the implementation of program initiatives."

SECTION 8.34.(b) The North Carolina Education and Workforce Innovation Commission (Commission), as established by G.S. 115C-64.10, as enacted by this section, shall conduct a study to determine the most efficient way to fund dual enrollment for high school students in college coursework. The Commission shall report the results of this study to the Joint Legislative Education Oversight Committee by October 1, 2014.

SECTION 8.34.(c) The appointments to the Commission as set forth in G.S. 115C-64.10, as enacted by this section, shall be made by the appointing entities no later than September 1, 2013. The Commission shall hold its first meeting no later than October 1, 2013.

SCHOOL PSYCHOLOGISTS, SCHOOL COUNSELORS, AND SCHOOL SOCIAL WORKERS

SECTION 8.35.(a) Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-316.1. Duties of school counselors.

(a) School counselors shall implement a comprehensive developmental school counseling program in their schools. Counselors shall spend at least eighty percent (80%) of their work time providing direct services to students. Direct services do not include the coordination of standardized testing. Direct services shall consist of:

- (1) Delivering the school guidance curriculum through large group guidance, interdisciplinary curriculum development, group activities, and parent workshops.
- (2) Guiding individual student planning through individual or small group assistance and individual or small group advisement.
- (3) Providing responsive services through consultation with students, families, and staff; individual and small group counseling; crisis counseling; referrals; and peer facilitation.
- (4) Performing other student services listed in the Department of Public Instruction school counselor job description that has been approved by the State Board of Education.

(b) During the remainder of their work time, counselors shall spend adequate time on school counseling program support activities that consist of professional development; consultation, collaboration, and training; and program management and operations. School counseling program support activities do not include the coordination of standardized testing. However, school counselors may assist other staff with the coordination of standardized testing."

SECTION 8.35.(b) Each local board of education shall develop a transition plan for implementing subsection (a) of this section within existing resources by reassigning duties within its schools.

The State Board of Education shall develop and distribute guidelines to all local school administrative units to assist with the implementation of subsection (a) of this section.

GRANTS FOR SCHOOL RESOURCE OFFICERS IN ELEMENTARY AND MIDDLE SCHOOLS

SECTION 8.36. Grants to local school administrative units, regional schools, and charter schools for school resource officers in elementary and middle schools shall be matched on the basis of two dollars (\$2.00) in State funds for every one dollar (\$1.00) in local funds and shall be used to supplement and not to supplant State, local, and federal funds for school resource officers.

The State Board of Education shall include need-based considerations in its criteria for awarding these grants to local school administrative units, regional schools, and charter schools.

Local school administrative units, regional schools, and charter schools may use these funds to employ school resource officers in elementary and middle schools, to train them, or both. Any such training shall include instruction on research into the social and cognitive development of elementary school and middle school children.

PANIC ALARM SYSTEMS

SECTION 8.37.(a) G.S. 115C-47(40) reads as rewritten:

"(40) To adopt emergency response plans. – Local boards of education ~~may~~shall, in coordination with local law enforcement agencies, adopt emergency response plans relating to incidents of school violence. These plans are not a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6."

SECTION 8.37.(b) Grants to local school administrative units, regional schools, and charter schools for panic alarm systems in schools shall be matched on the basis of one dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds and shall be used to supplement and not to supplant State, local, and federal funds for panic alarm systems.

The State Board of Education shall include need-based considerations in its criteria for awarding these grants to local school administrative units, regional schools, and charter schools.

SECTION 8.37.(c) Effective July 1, 2015, every public school shall have a panic alarm system that connects with the nearest local law enforcement agency in the local board of education's emergency response plan.

SCHOOL SAFETY EXERCISES

SECTION 8.38. Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.49. School safety exercises.

(a) At least every two years, each local school administrative unit is encouraged to hold a full systemwide school safety and school lockdown exercise with the local law enforcement agencies that are part of the local board of education's emergency response plan. The purpose of the exercise shall be to permit participants to (i) discuss simulated emergency situations in a low-stress environment, (ii) clarify their roles and responsibilities and the overall logistics of dealing with an emergency, and (iii) identify areas in which the emergency response plan needs to be modified.

(b) As part of a local board of education's emergency response plan, at least once a year, each school is encouraged to hold a full schoolwide school safety and lockdown exercise with local law enforcement agencies."

SCHEMATIC DIAGRAMS OF SCHOOL FACILITIES

SECTION 8.39.(a) Beginning with the 2013-2014 school year, each local school administrative unit that currently maintains schematic diagrams of its school facilities shall provide those schematic diagrams to local law enforcement agencies. The local school administrative unit shall provide updates of the schematic diagrams to local law enforcement agencies when substantial modifications such as new facilities or modifications to doors and windows are made to school facilities. The local school administrative unit shall also provide keys to the main entrance of all school facilities to local law enforcement agencies.

SECTION 8.39.(b) Each local school administrative unit that does not currently maintain schematic diagrams of its school facilities as of the effective date of this act shall report to the Department of Public Instruction by March 1, 2014, on whether it intends to prepare schematic diagrams of its school facilities to provide to local law enforcement agencies and if any obstacles exist in preparing such schematic diagrams. Local school administrative units are encouraged to prepare schematic diagrams and provide keys to the main entrance of all school facilities to local law enforcement agencies prior to the beginning of the 2014-2015 school year.

SECTION 8.39.(c) The Department of Public Instruction, in consultation with the Department of Public Safety, may develop standards and guidelines to assist local school administrative units in developing and providing schematic diagrams to local law enforcement agencies.

SECTION 8.39.(d) Schematic diagrams are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

ANONYMOUS TIP LINE

SECTION 8.40. Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.51. Anonymous tip lines.

- (a) Each local school administrative unit is encouraged to develop and operate an anonymous tip line, in coordination with local law enforcement and social services agencies, to receive anonymous information on internal or external risks to school buildings and school-related activities.
- (b) The Department of Public Instruction, in consultation with the Department of Public Safety, may develop standards and guidelines for the development, operation, and staffing of tip lines.
- (c) The Department of Public Instruction may provide information to local school administrative units on federal, State, local, and private grants available for this purpose."

SCHOOL SAFETY COMPONENT OF SCHOOL IMPROVEMENT PLANS

SECTION 8.41.(a) G.S. 115C-105.27, as rewritten by Section 11(a) of S.L. 2013-226, reads as rewritten:

"§ 115C-105.27. Development and approval of school improvement plans.

(a) School Improvement Team. – In order to improve student performance, each school shall develop a school improvement plan that takes into consideration the annual performance goal for that school that is set by the State Board under G.S. 115C-105.35 and the goals set out in the mission statement for the public schools adopted by the State Board of Education. The principal of each school, representatives of the assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building, and parents of children enrolled in the school shall constitute a school improvement team to team. The team shall develop a school improvement plan to improve student performance.

Representatives of the assistant principals, instructional personnel, instructional support personnel, and teacher assistants shall be elected by their respective groups by secret ballot.

Unless the local board of education has adopted an election policy, parents shall be elected by parents of children enrolled in the school in an election conducted by the parent and teacher organization of the school or, if none exists, by the largest organization of parents formed for this purpose. Parents serving on school improvement teams shall reflect the racial and socioeconomic composition of the students enrolled in that school and shall not be members of the building-level staff.

Parental involvement is a critical component of school success and positive student achievement; therefore, it is the intent of the General Assembly that parents, along with teachers, have a substantial role in developing school improvement plans. To this end, school improvement team meetings shall be held at a convenient time to assure substantial parent participation.

All school improvement plans shall be, to the greatest extent possible, data-driven. School improvement teams shall use the Education Value Added Assessment System (EVAAS) or a compatible and comparable system approved by the State Board of Education, to analyze student data to identify root causes for problems, to determine actions to address them, and to appropriately place students in courses such as Algebra I. School improvement plans shall contain clear, unambiguous targets, explicit indicators and actual measures, and expeditious time frames for meeting the measurement standards.

(a1) Open Meetings. – School improvement team meetings are subject to the open meetings requirements of Article 33C of Chapter 143 of the General Statutes. Deliberations on the school safety components of the plan shall be in closed session in accordance with G.S. 143-318.11(a)(8). The principal shall ensure that these requirements are met.

(a2) Public Records. – The school improvement plan, except for the school safety components of the plan, is a public record subject to Chapter 132 of the General Statutes and shall be posted on the school Web site. The names of the members of the school improvement team, their positions, and the date of their election to the school improvement team shall also be posted on the Web site.

The school safety components of the plan are not public records subject to Chapter 132 of the General Statutes.

(b) School Improvement Plan. – In order to improve student performance, the school improvement team at each school shall develop a school improvement plan that takes into consideration the annual performance goal for that school that is set by the State Board under G.S. 115C-105.35 and the goals set out in the mission statement for the public schools adopted by the State Board of Education. All school improvement plans shall be, to the greatest extent possible, data-driven. School improvement teams shall use the Education Value-Added Assessment System (EVAAS) or a compatible and comparable system approved by the State Board of Education to (i) analyze student data and identify root causes for problems, (ii) determine actions to address them, and (iii) appropriately place students in courses such as

Algebra I. School improvement plans shall contain clear, unambiguous targets, explicit indicators and actual measures, and expeditious time frames for meeting the measurement standards.

The strategies for improving student performance:

(1) Shall include a plan for the use of staff development funds that may be made available to the school by the local board of education to implement the school improvement plan. The plan may provide that a portion of these funds is used for mentor training and for release time and substitute teachers while mentors and teachers mentored are meeting;

(1a) Repealed by Session Laws 2012-142, s. 7A.1(c), effective July 2, 2012.

(2) Shall include a plan to address school safety and discipline concerns;

(3) May include a decision to use State funds in accordance with G.S. 115C-105.25;

(4) Shall include a plan that specifies the effective instructional practices and methods to be used to improve the academic performance of students identified as at risk of academic failure or at risk of dropping out of school;

(5) May include requests for waivers of State laws, rules, or policies for that school. A request for a waiver shall meet the requirements of G.S. 115C-105.26;

(6) Shall include a plan to provide a duty-free lunch period for every teacher on a daily basis or as otherwise approved by the school improvement team; and
(.S. 115C-301.1, with the goal of providing an average of at least five hours of planning time per week.

(8) Shall include a plan to identify and eliminate unnecessary and redundant reporting requirements for teachers and, to the extent practicable, streamline the school's reporting system and procedures, including requiring forms and reports to be in electronic form when possible and incorporating relevant documents into the student accessible components of the Instructional Improvement System.

(c) School Vote on the Plan. – Support among affected staff members is essential to successful implementation of a school improvement plan to address improved student performance at that school. The principal of the school shall present the proposed school improvement plan to all of the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for their review and vote. The vote shall be by secret ballot. The principal shall submit the school improvement plan to the local board of education only if the proposed school improvement plan has the approval of a majority of the staff who voted on the plan.

(c1) Consideration of the School Safety Components of the Plan. – The superintendent shall review the school safety components of the school improvement plans and make written recommendations on them to the local board of education. Prior to a vote to accept a school's improvement plan in accordance with G.S. 115C-105.27(d), the local board of education shall review the school safety components of the plan for that school in closed session. The board shall make findings on the safety components of the plan. Neither the safety components of the plan nor the board's findings on the safety components of the plan shall be set out in the minutes of the board.

(d) Adoption of the Plan. – The local board of education shall accept or reject the school improvement plan. The local board shall not make any substantive changes in any school improvement plan that it accepts. If the local board rejects a school improvement plan, the local board shall state with specificity its reasons for rejecting the plan; the school improvement team may then prepare another plan, present it to the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for a vote, and submit it to the local board to accept or reject. If no school improvement plan is accepted for a school within 60 days after its initial submission to the local board, the school or the local board may ask to use the process to resolve disagreements recommended in the guidelines developed by the State Board under G.S. 115C-105.20(b)(5). If this request is made, both the school and local board shall participate in the process to resolve disagreements. If there is no request to use that process, then the local board may develop a school improvement plan for the school. The General Assembly urges the local board to utilize the school's proposed school improvement plan to the maximum extent possible when developing such a plan.

(e) Effective Period of the Plan. – A school improvement plan shall remain in effect for no more than two years; however, the school improvement team may amend the plan as often as is necessary or appropriate. If, at any time, any part of a school improvement plan becomes unlawful or the local board

finds that a school improvement plan is impeding student performance at a school, the local board may vacate the relevant portion of the plan and may direct the school to revise that portion. The procedures set out in this subsection shall apply to amendments and revisions to school improvement plans.

(f) Elimination of Other Unnecessary Plans. – If a local board of education finds that a school improvement plan adequately covers another plan that the local school administrative unit is otherwise required to prepare, the local school administrative unit shall not be required to prepare an additional plan on the matter.

(g) Compliance With Requirements. – Any employee, parent, or other interested individual or organization is encouraged to notify the principal of any concerns regarding compliance with this section. In addition, any employee, parent, or other interested individual or organization may submit in writing to the superintendent concerns regarding compliance with this section. The superintendent shall make a good-faith effort to investigate the concern. The superintendent shall upon request provide a written response to the concern."

SECTION 8.41.(b) G.S. 143-318.11(a)(8) reads as rewritten:

"(a) Permitted Purposes. – It is the policy of this State that closed sessions shall be held only when required to permit a public body to act in the public interest as permitted in this section. A public body may hold a closed session and exclude the public only when a closed session is required:

...

(8) To formulate plans by a local board of education relating to emergency response to incidents of school violence or to formulate and adopt the school safety components of school improvement plans by a local board of education or a school improvement team."

SECTION 8.41.(c) This section applies beginning with the 2013-2014 school year.

CRISIS KITS

SECTION 8.42. Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.52. School crisis kits.

The Department of Public Instruction, in consultation with the Department of Public Safety through the North Carolina Center for Safer Schools, may develop and adopt policies on the placement of school crisis kits in schools and on the contents of those kits. The kits should include, at a minimum, basic first-aid supplies, communications devices, and other items recommended by the International Association of Chiefs of Police.

The principal of each school, in coordination with the law enforcement agencies that are part of the local board of education's emergency response plan, may place one or more crisis kits at appropriate locations in the school."

SCHOOL SAFETY FOR CHARTER SCHOOLS AND REGIONAL SCHOOLS

SECTION 8.43.(a) G.S. 115C-238.29F is amended by adding a new subsection to read:

"(a1) Emergency Response Plan. – A charter school, in coordination with local law enforcement agencies, is encouraged to adopt an emergency response plan relating to incidents of school violence. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

Charter schools are encouraged to provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.49(b) and G.S. 115C-105.52."

SECTION 8.43.(b) G.S. 115C-238.66 is amended by adding a new subdivision to read:

"(7a) Emergency Response Plan. – A regional school, in coordination with local law enforcement agencies, is encouraged to adopt an emergency response plan relating to incidents of school violence. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6. Regional schools are encouraged to provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.49(b) and G.S. 115C-105.52."

EMERGENCY AND CRISIS TRAINING

SECTION 8.44. The Department of Public Safety, through the North Carolina Center for Safer Schools and in conjunction with the Department of Justice and the Department of Public Instruction, is encouraged to develop school emergency and crisis training modules for school employees and provide them to schools as soon as practicable.

VOLUNTEER SCHOOL SAFETY RESOURCE OFFICER PROGRAM

SECTION 8.45.(a) G.S. 14-269.2(a) is amended by adding a new subdivision to read:

"(3a) Volunteer school safety resource officer. – A person who volunteers as a school safety resource officer as provided by G.S. 162-26 or G.S. 160A-288.4."

SECTION 8.45.(b) G.S. 14-269.2(g) is amended by adding a new subdivision to read:

"(g) This section shall not apply to any of the following:

...

(7) A volunteer school safety resource officer providing security at a school pursuant to an agreement as provided in G.S. 115C-47(61) and either G.S. 162-26 or G.S. 160A-288.4, provided that the volunteer school safety resource officer is acting in the discharge of the person's official duties and is on the educational property of the school that the officer was assigned to by the head of the appropriate local law enforcement agency."

SECTION 8.45.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"§ 115C-47. Powers and duties generally.

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(61) To Provide a Safe School Environment. – Local boards of education may enter into an agreement with the sheriff, chief of police of a local police department, or chief of police of a county police department to provide security at the schools by assigning volunteer school safety resource officers who meet the selection standards and criteria developed by the head of the appropriate local law enforcement agency and the criteria set out in G.S. 162-26 or G.S. 160A-288.4, as appropriate."

SECTION 8.45.(d) G.S. 160A-282(c) reads as rewritten:

"(c) The board of commissioners of any county may provide that persons who are deputized by the sheriff of the county as special deputy sheriffs or persons who are serving as volunteer law-enforcement officers at the request of the sheriff and under his authority, while undergoing official training and while performing duties on behalf of the county pursuant to orders or instructions of the sheriff, shall be entitled to benefits under the North Carolina Workers' Compensation Act and to any fringe benefits for which such persons qualify.

This subsection shall not apply to volunteer school safety resource officers as described in G.S. 162-26."

SECTION 8.45.(e) Article 3 of Chapter 162 of the General Statutes is amended by adding a new section to read:

"§ 162-26. Sheriff may establish volunteer school safety resource officer program.

(a) The sheriff may establish a volunteer school safety resource officer program to provide nonsalaried special deputies to serve as school safety resource officers in public schools. To be a volunteer in the program, a person must have prior experience as either (i) a sworn law enforcement officer or (ii) a military police officer with a minimum of two years' service. If a person with experience as a military police officer is no longer in the armed services, the person must also have an honorable discharge. A program volunteer must receive training on research into the social and cognitive development of elementary, middle, and high school children and must also meet the selection standards and any additional criteria established by the sheriff.

(b) Each volunteer shall report to the sheriff and shall work under the direction and supervision of the sheriff or the sheriff's designee when carrying out the volunteer's duties as a school safety resource officer. No volunteer may be assigned to a school as a school safety resource officer until the volunteer has updated or renewed the volunteer's law enforcement

training and has been certified by the North Carolina Sheriff's Education and Training Standards Commission as meeting the educational and firearms proficiency standards required of persons serving as special deputy sheriffs. A volunteer is not required to meet the physical standards required by the North Carolina Sheriff's Education and Training Standards Commission but must have a standard medical exam to ensure the volunteer is in good health. A person selected by the sheriff to serve as a volunteer under this section shall have the power of arrest while performing official duties as a volunteer school safety resource officer.

(c) The sheriff may enter into an agreement with the local board of education to provide volunteer school safety resource officers who meet both the criteria established by this section and the selection and training requirements set by the sheriff of the county for the schools. The sheriff shall be responsible for the assignment of any volunteer school safety resource officer assigned to a public school and for the supervision of the officer.

(d) There shall be no liability on the part of and no cause of action shall arise against a volunteer school safety resource officer, the Sheriff or employees of the sheriff supervising a volunteer school safety officer, or the public school system or its employees for any good-faith action taken by them in the performance of their duties with regard to the volunteer school safety resource officer program established pursuant to this section."

SECTION 8.45.(f) Article 13 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-288.4. Police chief may establish volunteer school safety resource officer program.

(a) The chief of police of a local police department or of a county police department may establish a volunteer school safety resource officer program to provide nonsalaried special law enforcement officers to serve as school safety resource officers in public schools. To be a volunteer in the program, a person must have prior experience as either (i) a sworn law enforcement officer or (ii) a military police officer with a minimum of two years' service. If a person with experience as a military police officer is no longer in the armed services, the person must also have an honorable discharge. A program volunteer must receive training on research into the social and cognitive development of elementary, middle, and high school children and must also meet the selection standards and any additional criteria established by the chief of police.

(b) Each volunteer shall report to the chief of police and shall work under the direction and supervision of the chief of police or the chief's designee when carrying out the volunteer's duties as a school safety resource officer. No volunteer may be assigned to a school as a school safety resource officer until the volunteer has updated or renewed the volunteer's law enforcement training and has been certified by the North Carolina Criminal Justice Education and Training Standards Commission as meeting the educational and firearms proficiency standards required of persons serving as criminal justice officers. A volunteer is not required to meet the physical standards required by the North Carolina Criminal Justice Education and Training Standards Commission but must have a standard medical exam to ensure the volunteer is in good health. A person selected by the chief of police to serve as a volunteer under this section shall have the power of arrest while performing official duties as a volunteer school safety resource officer.

(c) The chief of police may enter into an agreement with the local board of education to provide volunteer school safety resource officers who meet both the criteria established by this section and the selection and training requirements set by the chief of police of the municipality or county in which the schools are located. The chief of police shall be responsible for the assignment of any volunteer school safety resource officer assigned to a public school and for the supervision of the officer.

(d) There shall be no liability on the part of and no cause of action shall arise against a volunteer school safety resource officer, the chief of police or employees of the local law enforcement agency supervising a volunteer school safety officer, or the public school system or its employees for any good-faith action taken by them in the performance of their duties with regard to the volunteer school safety resource officer program established pursuant to this section."

SECTION 8.45.(g) This section becomes effective December 1, 2013.

INFORMATION TECHNOLOGY OVERSIGHT CAPACITY

SECTION 8.46. Notwithstanding G.S. 143C-6-4 and subject to the direction, control, and approval of the State Board of Education, the State Superintendent of Public Instruction shall realign existing resources within the Department of Public Instruction to increase the information technology oversight capacity of the Department. The Superintendent shall identify two positions for this purpose in order to establish a Chief Information Officer and a Project Management Officer. The realignment of the positions and resources is subject to the approval of the Office of State Budget and Management.

STUDY VIRTUAL CHARTER SCHOOLS

SECTION 8.48. The State Board of Education shall study and determine needed modifications for authorization and oversight of virtual charter schools, including application requirements, enrollment growth, and funding allocations, and shall prepare these recommendations in the form of draft rules and proposed statutory changes. The State Board shall present the draft rules and the proposed statutory changes to the Joint Legislative Education Oversight Committee by February 1, 2014. This section shall not be construed to affect litigation pending as of the date of the enactment of this section.

PILOT PROGRAM TO RAISE THE HIGH SCHOOL DROPOUT AGE FROM SIXTEEN TO EIGHTEEN

SECTION 8.49.(a) Notwithstanding G.S. 7B-1501(27), 115C-378, 115C-238.66(3), 116-235(b)(2), and 143B-805(20), the State Board of Education shall authorize the Hickory Public Schools and the Newton-Conover City Schools to establish and implement a pilot program to increase the high school dropout age from 16 years of age to the completion of the school year coinciding with the calendar year in which a student reaches 18 years of age, unless the student has previously graduated from high school.

SECTION 8.49.(b) Each local school administrative unit may use any funds available to it to implement the pilot program in accordance with this section to (i) employ up to three additional teachers and (ii) fund additional student-related costs, such as transportation and technology costs, including additional computers, to serve a greater number of students as a result of the pilot program. Each local school administrative unit may also use any funds available to it to operate a night school program for students at risk of dropping out of high school. To the extent possible, the local school administrative units shall partner with Catawba Valley Community College in administering the pilot program.

SECTION 8.49.(c) The local school administrative units, in collaboration with the State Board of Education, shall report to the Joint Legislative Education Oversight Committee, the House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on Education/Higher Education on or before January 1, 2016. The report shall include at least all of the following information:

- (1) An analysis of the graduation rate in each local school administrative unit and the impact of the pilot program on the graduation rate.
- (2) The teen crime statistics for Catawba County.
- (3) The number of reported cases of violations of compulsory attendance laws in Catawba County and the disposition of those cases.
- (4) The number of at-risk students served in any night programs established as part of the pilot program and student graduation and performance outcomes for those students.
- (5) All relevant data to assist in determining the effectiveness of the program and specific legislative recommendations, including the continuation, modification, or expansion of the program statewide.

SECTION 8.49.(d) The State Board of Education shall not authorize a pilot program under subsection (a) of this section except upon receipt of a copy of a joint resolution adopted by the boards of education for the Hickory Public Schools and the Newton-Conover City Schools setting forth a date to begin establishment and implementation of the pilot program.

PART IX. THE EXCELLENT PUBLIC SCHOOLS ACT OF 2013

STATE EMPLOYEE LITERACY VOLUNTEER LEAVE TIME

SECTION 9.1. G.S. 126-4 reads as rewritten:

"§ 126-4. Powers and duties of State Personnel Commission.

Subject to the approval of the Governor, the State Personnel Commission shall establish policies and rules governing each of the following:

...

(5b) A leave program that allows employees to volunteer in a literacy program in a public school for up to five hours each month.

...."

MAXIMIZE INSTRUCTIONAL TIME

SECTION 9.2.(a) G.S. 115C-174.12(a) reads as rewritten:

"(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies and guidelines shall include the following:

(1) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning;

(2) Students in a school shall not be subject to field tests or national tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams; and

(3) No school shall participate in more than two field tests at any one grade level during a school year ~~unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests year.~~

(4) All annual assessments of student achievement adopted by the State Board of Education pursuant to G.S. 115C-174.11(c)(1) and (3) and all final exams for courses shall be administered within the final 10 instructional days of the school year for year-long courses and within the final five instructional days of the semester for semester courses. Exceptions shall be permitted to accommodate a student's individualized education program and section 504 (29 U.S.C. § 794) plans and for the administration of final exams for courses with national or international curricula required to be held at designated times.

These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a ~~child's~~ student's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a ~~child's~~ student's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for ~~students~~ children with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article."

SECTION 9.2.(b) Notwithstanding the provisions of G.S. 115C-174.11(c), the State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to the purchase and implementation of a new assessment instrument to assess student achievement on the Common Core State Standards, including the Common Core Smarter Balance Consortium Assessments. The State Board shall not purchase such an assessment instrument without the enactment of legislation by the General Assembly authorizing the purchase.

SECTION 9.2.(c) This section applies beginning with the 2013-2014 school year.

STRENGTHEN TEACHER LICENSURE AND MODIFY LICENSURE FEES

SECTION 9.3.(a) G.S. 115C-296, as amended by Section 5(b) of S.L. 2013-226, reads as rewritten:

"§ 115C-296. Board sets licensure requirements; reports; lateral entry and mentor programs.

...

(a2) The State Board of Education shall ~~impose the following~~ establish a schedule of fees for teacher licensure and administrative changes. ~~The fees established under this subsection shall not exceed the actual cost of providing the service. The schedule may include fees for any of the following services:~~

- (1) Application for demographic or administrative changes to a ~~license,~~
~~\$30.00-license.~~
- (2) Application for a duplicate license or for copies of documents in the licensure ~~files,~~
~~\$30.00-files.~~
- (3) Application for a renewal, extension, addition, upgrade, reinstatement, and variation to a ~~license,~~
~~\$55.00-license.~~
- (4) Initial application for a New, In-State Approved Program Graduate,
~~\$55.00-Graduate.~~
- (5) Initial application for an Out-of-State license,
~~\$85.00-license.~~
- (6) All other ~~applications,~~
~~\$85.00-applications.~~

~~The~~An applicant must pay ~~the fee~~any nonrefundable service fees at the time ~~the~~an application is submitted.

(a3) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15 in any year that the amount of fees in the fee schedule established under subsection (a2) of this section has been modified during the previous 12 months. The report shall include the number of personnel paid from licensure receipts, any change in personnel paid from receipts, other related costs covered by the receipts, and the estimated unexpended receipts as of June 30 of the year reported.

...."

SECTION 9.3.(b) G.S. 115C-296, as amended by Section 5(b) of S.L. 2013-226, reads as rewritten:

"§ 115C-296. Board sets licensure requirements; reports; lateral entry and mentor programs.

...

(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel licensed in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several licensure requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs.

- (1) Licensure Standards. –
 - a. The licensure program shall provide for initial licensure after completion of preservice training, continuing licensure after three years of teaching experience, and license renewal every five years thereafter, until the retirement of the teacher. The last license renewal received prior to retirement shall remain in effect for five years after retirement. The licensure program shall also provide for lifetime licensure after 50 years of teaching.
 - b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and shall be aligned with high-quality professional development programs that reflect State priorities for improving student achievement. Standards for continuing licensure shall

include at least eight continuing education credits with at least three credits required in a teacher's academic subject area.

...

(b2) An undergraduate student seeking a degree in teacher education must attain passing scores on a preprofessional skills test prior to admission to an approved teacher education program in a North Carolina college or university. The State Board of Education shall permit students to fulfill this requirement by achieving the prescribed minimum scores set by the State Board of Education for the Praxis I tests or by achieving the appropriate required score, as determined by the State Board of Education, on the verbal and mathematics portions of the ~~SAT~~-SAT or ACT. The minimum combined verbal and mathematics score set by the State Board of Education for the SAT shall be ~~between 900 and 1,200~~ 1,100 or greater. The minimum composite score set by the State Board of Education for the ACT shall be 24 or greater.

(c) It is the policy of the State of North Carolina to encourage lateral entry into the profession of teaching by skilled individuals from the private sector. To this end, before the 1985-86 school year begins, the State Board of Education shall develop criteria and procedures to accomplish the employment of such individuals as classroom teachers. Beginning with the 2006-2007 school year, the criteria and procedures shall include preservice training in (i) the identification and education of children with disabilities and (ii) positive management of student behavior, effective communication for defusing and deescalating disruptive or dangerous behavior, and safe and appropriate use of seclusion and restraint. Skilled individuals who choose to enter the profession of teaching laterally may be granted a provisional lateral entry teaching license for no more than three years and shall be required to obtain licensure before contracting for a fourth year of service with any local administrative unit in this State.

...."

SECTION 9.3.(c) G.S. 115C-296, as amended by Section 5(b) of S.L. 2013-226, and as rewritten by subsections (a) and (b) of this section, reads as rewritten:

"§ 115C-296. Board sets licensure requirements; reports; lateral entry and mentor programs.

(a) The State Board of Education shall have entire control of licensing all applicants for teaching positions in all public ~~elementary and high~~ schools of North Carolina; and it shall prescribe the rules and regulations for the renewal and extension of all licenses and shall determine and fix the salary for each grade and type of license which it authorizes.

The State Board of Education ~~may~~ shall require an applicant for an initial bachelors degree certificate license or graduate degree certificate license to demonstrate the applicant's academic and professional preparation by achieving a prescribed minimum score on a standard examination appropriate and adequate for that purpose. Elementary Education (K-6) and special education general curriculum teachers shall also achieve a prescribed minimum score on subtests or standard examinations specific to teaching reading and mathematics. The State Board of Education shall permit an applicant to fulfill any such testing requirement before or during the applicant's second year of teaching provided the applicant took the examination at least once during the first year of teaching. The State Board of Education shall make any required standard initial licensure exam ~~sufficiently~~ rigorous and raise the prescribed minimum score as necessary to ensure that each applicant has ~~adequate~~ received high-quality academic and professional preparation to ~~teach~~ teach effectively.

(a1) The State Board shall adopt policies that establish the minimum scores for any required standard examinations and other measures necessary to assess the qualifications of professional personnel as required under subsection (a) of this section. For purposes of this subsection, the State Board shall not be subject to Article 2A of Chapter 150B of the General Statutes. At least 30 days prior to changing any policy adopted under this subsection, the State Board shall provide written notice to all North Carolina schools of education and to all local boards of education. The written notice shall include the proposed revised policy.

(a2) The State Board of Education shall establish a schedule of fees for teacher licensure and administrative changes. The fees established under this subsection shall not exceed the actual cost of providing the service. The schedule may include fees for any of the following services:

- (1) Application for demographic or administrative changes to a license.
- (2) Application for a duplicate license or for copies of documents in the licensure files.
- (3) Application for a renewal, extension, addition, upgrade, reinstatement, and variation to a license.
- (4) Initial application for a New, In-State Approved Program Graduate.

(5) Initial application for an Out-of-State license.

(6) All other applications.

An applicant must pay any nonrefundable service fees at the time an application is submitted.

(a3) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by March 15 in any year that the amount of fees in the fee schedule established under subsection (a2) of this section has been modified during the previous 12 months. The report shall include the number of personnel paid from licensure receipts, any change in personnel paid from receipts, other related costs covered by the receipts, and the estimated unexpended receipts as of June 30 of the year reported.

(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel licensed in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several licensure requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs.

(1) Licensure standards. –

a. The licensure program shall provide for initial licensure after completion of preservice training, continuing licensure after three years of teaching experience, and license renewal every five years thereafter, until the retirement of the teacher. The last license renewal received prior to retirement shall remain in effect for five years after retirement. The licensure program shall also provide for lifetime licensure after 50 years of teaching.

b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and shall be aligned with high-quality professional development programs that reflect State priorities for improving student achievement. Standards for continuing licensure shall include at least eight continuing education credits, with at least three credits required in the teacher's academic subject areas. Standards for continuing licensure for elementary and middle school teachers shall include at least three continuing education credits related to literacy. Literacy renewal credits shall include evidence-based assessment, diagnosis, and intervention strategies for students not demonstrating reading proficiency. Oral language, phonemic and phonological awareness, phonics, vocabulary, fluency, and comprehension shall be addressed in literacy-related activities leading to license renewal for elementary school teachers.

c. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall (i) reevaluate and enhance the requirements for renewal of teacher licenses and (ii) consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills.

(2) Teacher education programs. –

a. The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina, the North Carolina Independent Colleges and Universities, and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.

b. **Reserved for future codification.**

- c. To further ensure that teacher preparation programs remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall do all of the following to ensure that students are prepared to teach in elementary schools:
1. Provide students with adequate coursework in the teaching of reading and mathematics.
 2. Assess students prior to licensure to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations.
 3. Continue to provide students with preparation in applying formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
 4. Prepare students to integrate arts across the curriculum.
- d. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall evaluate and modify, as necessary, the academic requirements of teacher preparation programs for students preparing to teach science in middle and high schools to ensure that there is adequate preparation in issues related to science laboratory safety.
- e. The standards for approval of institutions of teacher education shall require that teacher education programs for all students include the following demonstrated competencies:
1. ~~in~~ All teacher education programs. –
 - I. ~~the~~ The identification and education of children with disabilities and disabilities.
 - II. ~~(ii) positive~~ Positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior.
 2. Elementary and special education general curriculum teacher education programs. –
 - I. Teaching of reading, including a substantive understanding of reading as a process involving oral language, phonological and phonemic awareness, phonics, fluency, vocabulary, and comprehension.
 - II. Evidence-based assessment and diagnosis of specific areas of difficulty with reading development and of reading deficiencies.
 - III. Appropriate application of instructional supports and services and reading interventions to ensure reading proficiency for all students.
- f. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

...."

SECTION 9.3.(d) For the 2013-2014 fiscal year only and notwithstanding Article 2A of Chapter 150B of the General Statutes, the State Board of Education shall be exempt from rulemaking in establishing a schedule of fees for teacher licensure and administrative changes pursuant to G.S. 115C-296(a2), as amended by this section.

SECTION 9.3.(e) The State Board of Education shall develop a plan to require the schools of education to measure performance and provide an annual report on the demonstrated competencies included in their elementary and special education general curriculum teacher education programs on (i) teaching of reading, including a substantive understanding of reading as a process involving oral language, phonological and phonemic awareness, phonics, fluency, vocabulary, and comprehension; (ii) evidence-based assessment and diagnosis of specific areas of difficulty with reading development and of reading deficiencies; and (iii) appropriate application of instructional supports and services and reading interventions to ensure reading proficiency for all students. The plan shall address requiring this information to be included in the annual performance reports to the State Board and the higher education educator preparation program report cards required by G.S. 115C-296, as enacted by this section. The State Board shall report to the Joint Legislative Education Oversight Committee on or before March 15, 2014, on the plan to include this information in the performance reports required for the 2014-2015 school year.

SECTION 9.3.(f) Subsection (b) of this section applies beginning with the 2013-2014 school year. Subsection (c) of this section applies beginning with the 2014-2015 school year. For teachers who are in their fourth or fifth year of their current five-year license renewal cycle, the changes required by G.S. 115C-296(b)(1)b., as enacted by subsections (b) and (c) of this section, shall apply beginning with the first year of their next five-year license renewal cycle.

SCHOOL PERFORMANCE GRADES

SECTION 9.4.(a) Section 7A.3(e) of S.L. 2012-142 is repealed.

SECTION 9.4.(b) Article 8 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1B. School Performance.

"§ 115C-83.11. School achievement, growth, performance scores, and grades.

(a) School Scores and Grades. – The State Board of Education shall award school achievement, growth, and performance scores and an associated performance grade as required by G.S. 115C-12(9)c1., and calculated as provided in this section. The State Board of Education shall enter all necessary data into the Education Value-Added Assessment System (EVAAS) in order to calculate school performance scores and grades.

(b) Calculation of the School Achievement Score. – In calculating the overall school achievement score earned by schools, the State Board of Education shall total the sum of points earned by a school on all of the following indicators that are measured for that school:

- (1) One point for each percent of students who score at or above proficient on annual assessments for mathematics in grades three through eight.
- (2) One point for each percent of students who score at or above proficient on annual assessments for reading in grades three through eight.
- (3) One point for each percent of students who score at or above proficient on annual assessments for science in grades five and eight.
- (4) One point for each percent of students who score at or above proficient on the Algebra I or Integrated Math I end-of-course test.
- (5) One point for each percent of students who score at or above proficient on the English II end-of-course test.
- (6) One point for each percent of students who score at or above proficient on the Biology end-of-course test.
- (7) One point for each percent of students who complete the Algebra II or Integrated Math III end-of-course test with a passing grade.
- (8) One point for each percent of students who achieve the minimum score required for admission into a constituent institution of The University of North Carolina on a nationally normed test of college readiness.
- (9) One point for each percent of students enrolled in Career and Technical Education courses who meet the standard when scoring at Silver, Gold, or Platinum levels on a nationally normed test of workplace readiness.
- (10) One point for each percent of students who graduate within four years of entering high school.

Each school achievement indicator shall be of equal value when used to determine the overall school achievement score. The overall school achievement score shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-238.29F, and 115C-238.66.

(c) Calculation of the School Growth Score. – Using EVAAS, the State Board shall calculate the overall growth score earned by schools. In calculating the total growth score earned by schools, the State Board of Education shall weight student growth on the achievement indicators as provided in subsection (b) of this section that have available growth values. The numerical values used to determine whether a school has met, exceeded, or has not met expected growth shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-238.29F, and 115C-238.66.

(d) Calculation of the School Performance Scores and Grades. – For schools exceeding or not meeting expected school growth, the State Board of Education shall use EVAAS to calculate the school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for eighty percent (80%), and the school growth score shall account for (20%) of the total sum. For schools meeting expected growth, and with a school achievement score of eighty percent (80%) or higher, the school performance score shall solely reflect the achievement score. For schools meeting expected growth, and with a school achievement score below eighty percent (80%), the school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum. For all schools, the total school performance score shall be converted to a 100-point scale and used to determine a school performance grade based on the following scale:

- (1) A school performance score of at least 90 is equivalent to an overall school performance grade of A.
- (2) A school performance score of at least 80 is equivalent to an overall school performance grade of B.
- (3) A school performance score of at least 70 is equivalent to an overall school performance grade of C.
- (4) A school performance score of at least 60 is equivalent to an overall school performance grade of D.
- (5) A school performance score of less than 60 points is equivalent to an overall school performance grade of F.

(e) Elementary and Middle School Reading and Math Achievement Scores. – For schools serving students in kindergarten through eighth grade, the school achievement scores in reading and mathematics, respectively, shall be reported separately on the annual school report card provided under G.S. 115C-12(9)c1., 115C-238.29F, and 115C-238.66.

(f) Indication of Growth. – In addition to awarding the overall school scores for achievement, growth, and performance and the performance grade, using EVAAS, the State Board shall designate that a school has met, exceeded, or has not met expected growth. The designation of student growth shall be clearly displayed in the annual school report card provided under G.S. 115C-12(9)c1., 115C-238.29F, and 115C-238.66."

SECTION 9.4.(c) G.S. 115C-12(9)c1. reads as rewritten:

"c1. To issue an annual "report card" for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance based on the growth in performance of the students in each school and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account factors that have been shown to affect student performance and that the State Board considers relevant to assess the State's efforts to improve student performance. As a part of the annual "report card" for each local school administrative unit, the State Board shall ~~award~~, in accordance with G.S. 115C-83.11, an overall numerical school achievement, growth, and performance score on a scale of zero to 100 and a corresponding performance letter grade of A, B, C, D, or F earned by each school within the local school administrative unit. The school performance score and grade shall reflect student performance on annual subject-specific assessments, college and workplace readiness measures, and graduation rates. For schools serving students in any grade from kindergarten to eighth grade, separate performance scores and grades shall also be awarded based on the school performance in reading and mathematics respectively. The

annual "report card" for schools serving students in third grade also shall include the number and percentage of third grade students who (i) take and pass the alternative assessment of reading comprehension; (ii) were retained in third grade for not demonstrating reading proficiency as indicated in G.S. 115C-83.7(a); and (iii) were exempt from mandatory third grade retention by category of exemption as listed in G.S. 115C-83.7(b)."

SECTION 9.4.(d) G.S. 115C-12(24) reads as rewritten:

"(24) Duty to Develop Standards for Alternative Learning Programs, Provide Technical Assistance on Implementation of Programs, and Evaluate Programs. – The State Board of Education shall adopt standards for assigning students to alternative learning programs. These standards shall include (i) a description of the programs and services that are recommended to be provided in alternative learning programs and (ii) a process for ensuring that an assignment is appropriate for the student and that the student's parents are involved in the decision. The State Board also shall adopt policies that define what constitutes an alternative school and an alternative learning program.

The State Board of Education shall also adopt standards to require that local school administrative units shall use (i) the teachers allocated for students assigned to alternative learning programs pursuant to the regular teacher allotment and (ii) the teachers allocated for students assigned to alternative learning programs only to serve the needs of these students.

The State Board of Education shall provide technical support to local school administrative units to assist them in developing and implementing plans and proposals for alternative learning programs.

The State Board shall evaluate the effectiveness of alternative learning programs and, in its discretion, of any other programs funded from the Alternative Schools/At-Risk Student allotment. Local school administrative units shall report to the State Board of Education on how funds in the Alternative Schools/At-Risk Student allotment are spent and shall otherwise cooperate with the State Board of Education in evaluating the alternative learning programs. As part of its evaluation of the effectiveness of these programs, the State Board shall, through the application of the accountability system developed under G.S. 115C-83.11 and G.S. 115C-105.35, measure the educational performance and growth of students placed in alternative schools and alternative programs. If appropriate, the Board may modify this system to adapt to the specific characteristics of these schools. Also as part of its evaluation, the State Board shall evaluate its standards adopted under this subdivision and make any necessary changes to those standards based on strategies that have been proven successful in improving student achievement and shall report to the Joint Legislative Education Oversight Committee by April 15, 2006 to determine if any changes are necessary to improve the implementation of successful alternative learning programs and alternative schools."

SECTION 9.4.(e) It is the intent of the General Assembly to provide clear information to the public regarding school performance. To this end, the State Board of Education shall do the following when providing information on school report cards as required by G.S. 115C-12(9)c1.:

- (1) Solely use the school performance grade calculation method and resulting scores and grades as provided under G.S. 115C-83.11, as enacted by this section.
- (2) Include a description understandable by members of the general public of the school performance grade calculation method and resulting scores and grades.

SECTION 9.4.(f) The State Board of Education shall issue the first annual report cards under G.S. 115C-12(9)c1., as amended by this section, no earlier than August 1, 2014.

SECTION 9.4.(g) This section applies beginning with the 2013-2014 school year.

PAY FOR EXCELLENCE

SECTION 9.5. When a robust evaluation instrument and process that accurately assesses and evaluates the effectiveness of teachers, especially in the area of student growth, is wholly implemented in North Carolina, it is the intent of the General Assembly that the evaluation instrument and process be utilized in the implementation of a plan of performance pay for teachers in this State.

TEACHER CONTRACTS

SECTION 9.6.(a) G.S. 115C-325 is repealed.

SECTION 9.6.(b) Part 3 of Article 22 of Chapter 115C of the General Statutes is amended by adding new sections to read:

"§ 115C-325.1. Definitions.

As used in this Part, the following definitions apply:

- (1) "Day" means calendar day. In computing any period of time, Rule 6 of the North Carolina Rules of Civil Procedure shall apply.
- (2) "Demote" means to reduce the salary of a person who is classified or paid by the State Board of Education as a classroom teacher or as a school administrator during the time of the contract. The word "demote" does not include (i) a suspension without pay pursuant to G.S. 115C-325.5(a); (ii) the elimination or reduction of bonus payments, including merit-based supplements or a systemwide modification in the amount of any applicable local supplement; (iii) any reduction in salary that results from the elimination of a special duty, such as the duty of an athletic coach or a choral director; or (iv) any reduction of pay as compared to a prior term of contract.
- (3) "Disciplinary suspension" means a final decision to suspend a teacher or school administrator without pay for no more than 60 days under G.S. 115C-325.5(b).
- (4) "Residential school" means a school operated by the Department of Health and Human Services that provides residential services to students pursuant to Part 3A of Article 3 of Chapter 143B of the General Statutes or a school operated pursuant to Article 9C of Chapter 115C of the General Statutes.
- (5) "School administrator" means a principal, assistant principal, supervisor, or director whose major function includes the direct or indirect supervision of teaching or any other part of the instructional program, as provided in G.S. 115C-287.1(a)(3).
- (6) "Teacher" means a person meeting each of the following requirements:
 - a. Who holds at least one of the following licenses issued by the State Board of Education:
 1. A current standard professional educator's license.
 2. A current lateral entry teaching license.
 3. A regular, not expired, vocational license.
 - b. Whose major responsibility is to teach or directly supervise teaching or who is classified by the State Board of Education or is paid either as a classroom teacher or instructional support personnel.
 - c. Who is employed to fill a full-time, permanent position.
- (7) "Year" means a calendar year beginning July 1 and ending June 30.

"§ 115C-325.2. Personnel files.

(a) Maintenance of Personnel File. – The superintendent shall maintain in his or her office a personnel file for each teacher that contains any complaint, commendation, or suggestion for correction or improvement about the teacher's professional conduct, except that the superintendent may elect not to place in a teacher's file (i) a letter of complaint that contains invalid, irrelevant, outdated, or false information or (ii) a letter of complaint when there is no documentation of an attempt to resolve the issue. The complaint, commendation, or suggestion shall be signed by the person who makes it and shall be placed in the teacher's file only after five days' notice to the teacher. Any denial or explanation relating to such complaint, commendation, or suggestion that the teacher desires to make shall be placed in the file. Any teacher may petition the local board of education to remove any information from the teacher's personnel file that the teacher deems invalid, irrelevant, or outdated. The board may order the superintendent to remove said information if it finds the information is invalid, irrelevant, or outdated.

(b) Inspection of Personnel Files. – The personnel file shall be open for the teacher's inspection at all reasonable times but shall be open to other persons only in accordance with such rules and regulations as the board adopts. Any preemployment data or other information obtained about a teacher before the teacher's employment by the board may be kept in a file separate from the teacher's personnel file and need not be made available to the teacher. No data placed in the preemployment file may be introduced as

evidence at a hearing on the dismissal or demotion of a teacher, except the data may be used to substantiate G.S. 115C-325.4(a)(7) or G.S. 115C-325.4(a)(14) as grounds for dismissal or demotion.

"§ 115C-325.3. Teacher contracts.

(a) Length of Contract. – A contract between the local board of education and a teacher who has been employed by the local board of education for less than three years shall be for a term of one school year. A contract or renewal of contract between the local board of education and a teacher who has been employed by the local board of education for three years or more shall be for a term of one, two, or four school years.

(b) Superintendent Recommendation to Local Board. – Local boards of education shall employ teachers upon the recommendation of the superintendent. If a superintendent intends to recommend to the local board of education that a teacher be offered a new or renewed contract, the superintendent shall submit the recommendation to the local board for action and shall include in the recommendation the length of the term of contract. A superintendent shall only recommend a teacher for a contract of a term longer than one school year if the teacher has shown effectiveness as demonstrated by proficiency on the evaluation instrument. The local board may approve the superintendent's recommendation, may decide not to offer the teacher a new or renewed contract, or may decide to offer the teacher a renewed contract for a different term than recommended by the superintendent.

(c) Dismissal During Term of Contract. – A teacher shall not be dismissed or demoted during the term of the contract except for the grounds and by the procedure set forth in G.S. 115C-325.4.

(d) Recommendation on Nonrenewal. – If a superintendent decides not to recommend that the local board of education offer a renewed contract to a teacher, the superintendent shall give the teacher written notice of the decision no later than June 1.

(e) Right to Petition for Hearing. – A teacher shall have the right to petition the local board of education for a hearing no later than 10 days after receiving written notice. The local board may, in its discretion, grant a hearing regarding the superintendent's recommendation for nonrenewal. The local board of education shall notify the teacher making the petition of its decision whether to grant a hearing. If the request for a hearing is granted, the local board shall conduct a hearing pursuant to the provisions of G.S. 115C-45(c) and make a final decision on whether to offer the teacher a renewed contract. The board shall notify a teacher whose contract will not be renewed for the next school year of its decision by June 15; provided, however, if a teacher submits a request for a hearing, the board shall provide the nonrenewal notification within 10 days of the hearing or such later date upon the written consent of the superintendent and teacher. A decision not to offer a teacher a renewed contract shall not be arbitrary, capricious, discriminatory, for personal or political reasons, or on any basis prohibited by State or federal law.

(f) Failure to Offer Contract or Notify on Nonrenewal of Contract. – If a teacher fails to receive a contract offer but does not receive written notification from the superintendent of a recommendation of nonrenewal, and the teacher continues to teach in the local school administrative unit without entering into a contract with the local board, upon discovery of the absence of contract, the board by majority vote shall do one of the following:

- (1) Offer the teacher a one-year contract expiring no later than June 30 of the current school year.
- (2) Dismiss the teacher and provide the teacher with the equivalent of one additional month's pay. A teacher dismissed as provided in this section shall be considered an at-will employee and shall not be entitled to a hearing or appeal of the dismissal.

(g) Local boards of education and teachers employed by the local board may mutually modify the terms of the contract to permit part-time employment. An individual that mutually modifies a full-time contract to permit part-time employment or enters into a part-time contract is not a teacher as defined in G.S. 115C-325.1(6).

"§ 115C-325.4. Dismissal or demotion for cause.

(a) Grounds. – No teacher shall be dismissed, demoted, or reduced to employment on a part-time basis for disciplinary reasons during the term of the contract except for one or more of the following:

- (1) Inadequate performance. In determining whether the professional performance of a teacher is adequate, consideration shall be given to regular and special evaluation reports prepared in accordance with the published policy of the employing local school administrative unit and to any published standards of performance which shall have been adopted by the board. Inadequate

performance for a teacher shall mean (i) the failure to perform at a proficient level on any standard of the evaluation instrument or (ii) otherwise performing in a manner that is below standard.

- (2) Immorality.
- (3) Insubordination.
- (4) Neglect of duty.
- (5) Physical or mental incapacity.
- (6) Habitual or excessive use of alcohol or nonmedical use of a controlled substance as defined in Article 5 of Chapter 90 of the General Statutes.
- (7) Conviction of a felony or a crime involving moral turpitude.
- (8) Advocating the overthrow of the government of the United States or of the State of North Carolina by force, violence, or other unlawful means.
- (9) Failure to fulfill the duties and responsibilities imposed upon teachers or school administrators by the General Statutes of this State.
- (10) Failure to comply with such reasonable requirements as the board may prescribe.
- (11) Any cause which constitutes grounds for the revocation of the teacher's teaching license or the school administrator's administrator license.
- (12) Failure to maintain his or her license in a current status.
- (13) Failure to repay money owed to the State in accordance with the provisions of Article 60 of Chapter 143 of the General Statutes.
- (14) Providing false information or knowingly omitting a material fact on an application for employment or in response to a preemployment inquiry.
- (15) A justifiable decrease in the number of positions due to district reorganization, decreased enrollment, or decreased funding.

(b) Dismissal Procedure. – The procedures provided in G.S. 115C-325.6 shall be followed for dismissals, demotions, or reductions to part-time employment for disciplinary reasons for any reason specified in subsection (a) of this section.

"§ 115C-325.5. Teacher suspension.

(a) Immediate Suspension Without Pay. – If a superintendent believes that cause exists for dismissing a teacher for any reason specified in G.S. 115C-325.4 and that immediate suspension of the teacher is necessary, the superintendent may suspend the teacher without pay. Before suspending a teacher without pay, the superintendent shall meet with the teacher and give him or her written notice of the charges against the teacher, an explanation of the basis for the charges, and an opportunity to respond. Within five days after a suspension under this subsection, the superintendent shall initiate a dismissal, demotion, or disciplinary suspension without pay as provided in this section. If it is finally determined that no grounds for dismissal, demotion, or disciplinary suspension without pay exist, the teacher shall be reinstated immediately, shall be paid for the period of suspension, and all records of the suspension shall be removed from the teacher's personnel file.

(b) Disciplinary Suspension Without Pay. – A teacher recommended for disciplinary suspension without pay may request a hearing before the board. The hearing shall be conducted as provided in G.S. 115C-325.7. If no request is made within 15 days, the superintendent may file his or her recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if one is held, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such suspension.

(c) Suspension With Pay. – If a superintendent believes that cause may exist for dismissing or demoting a teacher for any reasons specified in G.S. 115C-325.4 but that additional investigation of the facts is necessary and circumstances are such that the teacher should be removed immediately from the teacher's duties, the superintendent may suspend the teacher with pay for a reasonable period of time, not to exceed 90 days. The superintendent shall notify the board of education within two days of the superintendent's action and shall notify the teacher within two days of the action and the reasons for it. If the superintendent has not initiated dismissal or demotion proceedings against the teacher within the 90-day period, the teacher shall be reinstated to the teacher's duties immediately, and all records of the suspension with pay shall be removed from the teacher's personnel file at the teacher's request. However, if the

superintendent and the teacher agree to extend the 90-day period, the superintendent may initiate dismissal or demotion proceedings against the teacher at any time during the period of the extension.

"§ 115C-325.6. Procedure for dismissal or demotion of a teacher for cause.

(a) Recommendation of Dismissal or Demotion. – A teacher may not be dismissed, demoted, or reduced to part-time employment for disciplinary reasons during the term of the contract except upon the superintendent's recommendation based on one or more of the grounds in G.S. 115C-325.4.

(b) Notice of Recommendation. – Before recommending to a board the dismissal or demotion of a teacher, the superintendent shall give written notice to the teacher by certified mail or personal delivery of the superintendent's intention to make such recommendation and shall set forth as part of the superintendent's recommendation the grounds upon which he or she believes such dismissal or demotion is justified. The superintendent also shall meet with the teacher and provide written notice of the charges against the teacher, an explanation of the basis for the charges, and an opportunity to respond if the teacher has not done so under G.S. 115C-325.5(a). The notice shall include a statement to the effect that the teacher, within 14 days after the date of receipt of the notice, may request a hearing before the board on the superintendent's recommendation. A copy of Part 3 of Article 22 of Chapter 115C of the General Statutes shall also be sent to the teacher.

(c) Request for Hearing. – Within 14 days after receipt of the notice of recommendation, the teacher may file with the superintendent a written request for a hearing before the board on the superintendent's recommendation. The superintendent shall submit his or her recommendation to the board. Within five days after receiving the superintendent's recommendation and before taking any formal action, the board shall set a time and place for the hearing and shall notify the teacher by certified mail or personal delivery of the date, time, and place of the hearing. The time specified shall not be less than 10 nor more than 30 days after the board has notified the teacher, unless both parties agree to an extension. The hearing shall be conducted as provided in G.S. 115C-325.7.

(d) No Request for Hearing. – If the teacher does not request a hearing before the board within the 14 days provided, the superintendent may submit his or her recommendation to the board. The board, if it sees fit, may by resolution (i) reject the superintendent's recommendation or (ii) accept or modify the superintendent's recommendation and dismiss, demote, reinstate, or suspend the teacher without pay.

"§ 115C-325.7. Hearing before board.

(a) The following procedures shall apply for a board hearing for dismissal, demotion, reduction to part-time employment for disciplinary reasons, or disciplinary suspension without pay:

- (1) The hearing shall be private.
- (2) The hearing shall be conducted in accordance with reasonable rules adopted by the State Board of Education to govern such hearings.
- (3) At the hearing, the teacher and the superintendent shall have the right to be present and to be heard, to be represented by counsel, and to present through witnesses any competent testimony relevant to the issue of whether grounds exist for a dismissal, demotion, reduction to part-time employment for disciplinary reasons, or disciplinary suspension without pay.
- (4) Rules of evidence shall not apply to a hearing under this subsection, and the board may give probative effect to evidence that is of a kind commonly relied on by reasonably prudent persons in the conduct of serious affairs.
- (5) At least five days before the hearing, the superintendent shall provide to the teacher a list of witnesses the superintendent intends to present, a brief statement of the nature of the testimony of each witness, and a copy of any documentary evidence the superintendent intends to present.
- (6) At least three days before the hearing, the teacher shall provide the superintendent a list of witnesses the teacher intends to present, a brief statement of the nature of the testimony of each witness, and a copy of any documentary evidence the teacher intends to present.
- (7) No new evidence may be presented at the hearing except upon a finding by the board that the new evidence is critical to the matter at issue and the party making the request could not, with reasonable diligence, have discovered and produced the evidence according to the schedule provided in this section.
- (8) The board may subpoena and swear witnesses and may require them to give testimony and to produce records and documents relevant to the grounds for dismissal, demotion, reduction to part-time employment for disciplinary reasons, or disciplinary suspension without pay.

- (9) The board shall decide all procedural issues, including limiting cumulative evidence, necessary for a fair and efficient hearing.
- (10) The superintendent shall provide for making a transcript of the hearing. The teacher may request and shall receive at no charge a transcript of the proceedings.

"§ 115C-325.8. Right of appeal.

(a) A teacher who (i) has been dismissed, demoted, or reduced to employment on a part-time basis the decision: for disciplinary reasons during the term of the contract as provided in G.S. 115C-325.4, or has received a disciplinary suspension without pay as provided in G.S. 115C-325.5, and (ii) requested and participated in a hearing before the local board of education, shall have a further right of appeal from the final decision of the local board of education to the superior court of the State on one or more of the following grounds that

- (1) Is in violation of constitutional provisions.
- (2) Is in excess of the statutory authority or jurisdiction of the board.
- (3) Was made upon unlawful procedure.
- (4) Is affected by other error of law.
- (5) Is unsupported by substantial evidence in view of the entire record as submitted.
- (6) Is arbitrary or capricious.

(b) An appeal pursuant to this section must be filed within 30 days of notification of the final decision of the local board of education and shall be decided on the administrative record. The superior court shall have authority to affirm or reverse the local board's decision or remand the matter to the local board of education. The superior court shall not have authority to award monetary damages or to direct the local board of education to enter into an employment contract of more than one year, ending June 30.

"§ 115C-325.9. Teacher resignation.

(a) Teacher Resignation Following Recommendation for Dismissal. – If a teacher has been recommended for dismissal under G.S. 115C-325.4 and the teacher chooses to resign without the written agreement of the superintendent, then:

- (1) The superintendent shall report the matter to the State Board of Education.
- (2) The teacher shall be deemed to have consented to (i) the placement in the teacher's personnel file of the written notice of the superintendent's intention to recommend dismissal and (ii) the release of the fact that the superintendent has reported this teacher to the State Board of Education to prospective employers, upon request. The provisions of G.S. 115C-321 shall not apply to the release of this particular information.
- (3) The teacher shall be deemed to have voluntarily surrendered his or her license pending an investigation by the State Board of Education in a determination whether or not to seek action against the teacher's license. This license surrender shall not exceed 45 days from the date of resignation. Provided further that the cessation of the license surrender shall not prevent the State Board of Education from taking any further action it deems appropriate. The State Board of Education shall initiate investigation within five working days of the written notice from the superintendent and shall make a final decision as to whether to revoke or suspend the teacher's license within 45 days from the date of resignation.

(b) Thirty Days' Notice Resignation Requirement. – A teacher who is not recommended for dismissal should not resign during the term of the contract without the consent of the superintendent unless he or she has given at least 30 days' notice. If a teacher who is not recommended for dismissal does resign during the term of the contract without giving at least 30 days' notice, the board may request that the State Board of Education revoke the teacher's license for the remainder of that school year. A copy of the request shall be placed in the teacher's personnel file.

"§ 115C-325.10. Application to certain institutions.

Notwithstanding any law or regulation to the contrary, this Part shall apply to all persons employed in teaching and related educational classes in the schools and institutions of the Departments of Health and Human Services and Public Instruction and the Divisions of Juvenile Justice and Adult Correction of the Department of Public Safety, regardless of the age of the students.

"§ 115C-325.11. Dismissal of school administrators and teachers employed in low-performing residential schools.

(a) Notwithstanding any other provision of this section or any other law, this section shall govern the dismissal by the State Board of Education of teachers, principals, assistant principals, directors, supervisors, and other licensed personnel assigned to a residential school that the State Board has identified as low-performing and to which the State Board has assigned an assistance team. The State Board shall dismiss a teacher, principal, assistant principal, director, supervisor, or other licensed personnel when the State Board receives two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team. These findings and recommendations shall be substantial evidence of the inadequate performance of the teacher or school administrator.

(b) The State Board may dismiss a teacher, principal, assistant principal, director, supervisor, or other licensed personnel when:

- (1) The State Board determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance team to that school.
- (2) That assistance team makes the recommendation to dismiss the teacher, principal, assistant principal, director, supervisor, or other licensed personnel for one or more grounds established in G.S. 115C-325.4 for dismissal or demotion of a teacher.

Within 30 days of any dismissal under this subsection, a teacher, principal, assistant principal, director, supervisor, or other licensed personnel may request a hearing before a panel of three members designated by the State Board. The State Board shall adopt procedures to ensure that due process rights are afforded to persons recommended for dismissal under this subsection. Decisions of the panel may be appealed on the record to the State Board.

(c) Notwithstanding any other provision of this section or any other law, this subsection shall govern the dismissal by the State Board of licensed staff members who have engaged in a remediation plan under G.S. 115C-105.38A(c) but who, after one retest, fail to meet the general knowledge standard set by the State Board. The failure to meet the general knowledge standard after one retest shall be substantial evidence of the inadequate performance of the licensed staff member.

Within 30 days of any dismissal under this subsection, a licensed staff member may request a hearing before a panel of three members designated by the State Board. The State Board shall adopt procedures to ensure that due process rights are afforded to licensed staff members recommended for dismissal under this subsection. Decisions of the panel may be appealed on the record to the State Board.

(d) The State Board or the superintendent of a residential school may terminate the contract of a school administrator dismissed under this section. Nothing in this section shall prevent the State Board from refusing to renew the contract of any person employed in a school identified as low-performing.

(e) Neither party to a school administrator or teacher contract is entitled to damages under this section.

(f) The State Board shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this section.

"§ 115C-325.12. Procedure for dismissal of principals employed in low-performing schools.

(a) Dismissal of Principals Assigned to Low-Performing Schools With Assistance Teams. – Notwithstanding any other provision of this Part or any other law, this section governs the State Board's dismissal of principals assigned to low-performing schools to which the State Board has assigned an assistance team.

(b) Authority of State Board to Dismiss Principal. – The State Board through its designee may, at any time, recommend the dismissal of any principal who is assigned to a low-performing school to which an assistance team has been assigned. The State Board through its designee shall recommend the dismissal of any principal when the State Board receives from the assistance team assigned to that principal's school two consecutive evaluations that include written findings and recommendations regarding the principal's inadequate performance.

(c) Procedures for Dismissal of Principal. –

- (1) If the State Board through its designee recommends the dismissal of a principal under this section, the principal shall be suspended with pay pending a hearing before a panel of three members of the State Board. The purpose of this hearing, which shall be held within 60 days after the principal is suspended, is to determine whether the principal shall be dismissed.

- (2) The panel shall order the dismissal of the principal if it determines from available information, including the findings of the assistance team, that the low performance of the school is due to the principal's inadequate performance.
- (3) The panel may order the dismissal of the principal if (i) it determines that the school has not made satisfactory improvement after the State Board assigned an assistance team to that school and (ii) the assistance team makes the recommendation to dismiss the principal for one or more grounds established in G.S. 115C-325.4 for dismissal or demotion of a teacher.
- (4) If the State Board or its designee recommends the dismissal of a principal before the assistance team assigned to the principal's school has evaluated that principal, the panel may order the dismissal of the principal if the panel determines from other available information that the low performance of the school is due to the principal's inadequate performance.
- (5) In all hearings under this section, the burden of proof is on the principal to establish that the factors leading to the school's low performance were not due to the principal's inadequate performance. In all hearings under this section, the burden of proof is on the State Board to establish that the school failed to make satisfactory improvement after an assistance team was assigned to the school and to establish one or more of the grounds established for dismissal or demotion of a teacher under G.S. 115C-325.4.
- (6) In all hearings under this section, two consecutive evaluations that include written findings and recommendations regarding that principal's inadequate performance from the assistance team are substantial evidence of the inadequate performance of the principal.
- (7) The State Board shall adopt procedures to ensure that due process rights are afforded to principals under this section. Decisions of the panel may be appealed on the record to the State Board.
- (d) The State Board of Education or a local board may terminate the contract of a principal dismissed under this section.
- (e) Neither party to a school administrator contract is entitled to damages under this section.
- (f) The State Board shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this section.

"§ 115C-325.13. Procedure for dismissal of teachers employed in low-performing schools.

(a) Notwithstanding any other provision of this Part or any other law, this section shall govern the State Board's dismissal of teachers, assistant principals, directors, and supervisors assigned to schools that the State Board has identified as low-performing and to which the State Board has assigned an assistance team under Article 8B of this Chapter. The State Board shall dismiss a teacher, assistant principal, director, or supervisor when the State Board receives two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team. These findings and recommendations shall be substantial evidence of the inadequate performance of the teacher, assistant principal, director, or supervisor.

- (b) The State Board may dismiss a teacher, assistant principal, director, or supervisor when:
 - (1) The State Board determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance team to that school under G.S. 115C-105.38; and
 - (2) That assistance team makes the recommendation to dismiss the teacher, assistant principal, director, or supervisor for one or more grounds established in G.S. 115C-325.4 for dismissal or demotion for cause.

A teacher, assistant principal, director, or supervisor may request a hearing before a panel of three members of the State Board within 30 days of any dismissal under this section. The State Board shall adopt procedures to ensure that due process rights are afforded to persons recommended for dismissal under this section. Decisions of the panel may be appealed on the record to the State Board.

(c) Notwithstanding any other provision of this Part or any other law, this section shall govern the State Board's dismissal of licensed staff members who have engaged in a remediation plan under G.S. 115C-105.38A(c) but who, after one retest, fail to meet the general knowledge standard set by the State Board. The failure to meet the general knowledge standard after one retest shall be substantial evidence of the inadequate performance of the licensed staff member.

(d) A licensed staff member may request a hearing before a panel of three members of the State Board within 30 days of any dismissal under this section. The State Board shall adopt procedures to ensure

that due process rights are afforded to licensed staff members recommended for dismissal under this section. Decisions of the panel may be appealed on the record to the State Board.

(e) The State Board of Education or a local board may terminate the contract of a teacher, assistant principal, director, or supervisor dismissed under this section.

(f) Neither party to a school administrator or teacher contract is entitled to damages under this section.

(g) The State Board shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this section."

SECTION 9.6.(c) G.S. 115C-45(c) reads as rewritten:

"(c) Appeals to Board of Education and to Superior Court. – An appeal shall lie to the local board of education from any final administrative decision in the following matters:

- (1) The discipline of a student under G.S. 115C-390.7, 115C-390.10, or 115C-390.11;
- (2) An alleged violation of a specified federal law, State law, State Board of Education policy, State rule, or local board policy, including policies regarding grade retention of students;
- (3) The terms or conditions of employment or employment status of a school employee; and
- (4) Any other decision that by statute specifically provides for a right of appeal to the local board of education and for which there is no other statutory appeal procedure.

As used in this subsection, the term "final administrative decision" means a decision of a school employee from which no further appeal to a school administrator is available.

Any person aggrieved by a decision not covered under subdivisions (1) through (4) of this subsection shall have the right to appeal to the superintendent and thereafter shall have the right to petition the local board of education for a hearing, and the local board may grant a hearing regarding any final decision of school personnel within the local school administrative unit. The local board of education shall notify the person making the petition of its decision whether to grant a hearing.

In all appeals to the board it is the duty of the board of education to see that a proper notice is given to all parties concerned and that a record of the hearing is properly entered in the records of the board conducting the hearing.

The board of education may designate hearing panels composed of not less than two members of the board to hear and act upon such appeals in the name and on behalf of the board of education. An appeal of right brought before a local board of education under subdivision (1), (2), ~~(3), or (4)~~ of this subsection may be further appealed to the superior court of the State on the grounds that the local board's decision is in violation of constitutional provisions, is in excess of the statutory authority or jurisdiction of the board, is made upon unlawful procedure, is affected by other error of law, is unsupported by substantial evidence in view of the entire record as submitted, or is arbitrary or capricious. ~~However, the right of a noncertified employee to appeal decisions of a local board under subdivision (3) of this subsection shall only apply to decisions concerning the dismissal, demotion, or suspension without pay of the noncertified employee. A noncertified employee may request and shall be entitled to receive written notice as to the reasons for the employee's dismissal, demotion, or suspension without pay. The notice shall be provided to the employee prior to any local board of education hearing on the issue. This subsection shall not alter the employment status of a noncertified employee."~~

SECTION 9.6.(d) G.S. 115C-287.1 reads as rewritten:

"§ 115C-287.1. Method of employment of principals, assistant principals, supervisors, and directors.

(a) (1) ~~Beginning July 1, 1995, all~~ All persons employed as school administrators shall be employed pursuant to this section.

(2) ~~Notwithstanding G.S. 115C-287.1(a)(1), the following school administrators shall be employed pursuant to G.S. 115C-325:~~

- a. ~~School administrators who, as of July 1, 1995, are serving in a principal or supervisor position with career status in that position; and~~
- b. ~~School administrators who, as of July 1, 1995, are serving in a principal or supervisor position and who are eligible to achieve career status on or before June 30, 1997.~~

~~A school administrator shall cease to be employed pursuant to G.S. 115C-325 if the school administrator: (i) voluntarily relinquishes career status or the opportunity to~~

~~achieve career status through promotion, resignation, or otherwise; or (ii) is dismissed or demoted or whose contract is not renewed pursuant to G.S. 115C-325.~~

(3) For purposes of this section, school administrator means a:

- a. Principal;
- b. Assistant principal;
- c. Supervisor; or
- d. Director,

whose major function includes the direct or indirect supervision of teaching or of any other part of the instructional program.

~~(4) Nothing in this section shall be construed to confer career status on any assistant principal or director, or to make an assistant principal eligible for career status as an assistant principal or a director eligible for career status as a director.~~

(b) Local boards of education shall employ school administrators ~~who are ineligible for career status as provided in G.S. 115C-325(e)(3)~~, upon the recommendation of the superintendent. The initial contract between a school administrator and a local board of education shall be for two to four years, ending on June 30 of the final 12 months of the contract. In the case of a subsequent contract between a principal or assistant principal and a local board of education, the contract shall be for a term of four years. In the case of an initial contract between a school administrator and a local board of education, the first year of the contract may be for a period of less than 12 months provided the contract becomes effective on or before September 1. A local board of education may, with the written consent of the school administrator, extend, renew, or offer a new school administrator's contract at any time after the first 12 months of the contract so long as the term of the new, renewed, or extended contract does not exceed four years. Rolling annual contract renewals are not allowed. Nothing in this section shall be construed to prohibit the filling of an administrative position on an interim or temporary basis.

(c) The term of employment shall be stated in a written contract that shall be entered into between the local board of education and the school administrator. The school administrator shall not be dismissed or demoted during the term of the contract except for the grounds and by the procedure by which a ~~career~~ teacher may be dismissed or demoted ~~for cause as set forth in G.S. 115C-325~~. G.S. 115C-325.4.

(d) If a superintendent intends to recommend to the local board of education that the school administrator be offered a new, renewed, or extended contract, the superintendent shall submit the recommendation to the local board for action. The local board may approve the superintendent's recommendation or decide not to offer the school administrator a new, renewed, or extended school administrator's contract.

If a superintendent decides not to recommend that the local board of education offer a new, renewed, or extended school administrator's contract to the school administrator, the superintendent shall give the school administrator written notice of his or her decision ~~and the reasons for his or her decision~~ no later than May 1 of the final year of the contract. The superintendent's reasons may not be arbitrary, capricious, discriminatory, personal, ~~or political~~. political, or prohibited by State or federal law. No action by the local board or further notice to the school administrator shall be necessary unless the school administrator files with the superintendent a written request, within 10 days of receipt of the superintendent's decision, for a hearing before the local board. Failure to file a timely request for a hearing shall result in a waiver of the right to appeal the superintendent's decision. If a school administrator files a timely request for a hearing, the local board shall conduct a hearing pursuant to the provisions of G.S. 115C-45(c) and make a final decision on whether to offer the school administrator a new, renewed, or extended school administrator's contract.

If the local board decides not to offer the school administrator a new, renewed, or extended school administrator's contract, the local board shall notify the school administrator of its decision by June 1 of the final year of the contract. A decision not to offer the school administrator a new, renewed, or extended contract may be for any cause that is not arbitrary, capricious, discriminatory, personal, ~~or political~~. political, or prohibited by State or federal law. ~~The local board's decision not to offer the school administrator a new, renewed, or extended school administrator's contract is subject to judicial review in accordance with Article 4 of Chapter 150B of the General Statutes.~~

(e) Repealed by Session Laws 1995, c. 369, s. 1.

(f) If the superintendent or the local board of education fails to notify a school administrator by June 1 of the final year of the contract that the school administrator will not be offered a new school administrator's contract, the school administrator shall be entitled to 30 days of additional employment or severance pay beyond the date the school administrator receives written notice that a new contract will not be offered.

~~(g) If, prior to appointment as a school administrator, the school administrator held career status as a teacher in the local school administrative unit in which he or she is employed as a school administrator, a school administrator shall retain career status as a teacher if the school administrator is not offered a new, renewed, or extended contract by the local board of education, unless the school administrator voluntarily relinquished that right or is dismissed or demoted pursuant to G.S. 115C-325.~~

(h) An individual who holds a provisional assistant principal's ~~certificate~~ license and who is employed as an assistant principal under G.S. 115C-284(c) shall be considered a school administrator for purposes of this section. Notwithstanding subsection (b) of this section, a local board may enter into one-year contracts with a school administrator who holds a provisional assistant principal's ~~certificate~~ license. ~~If the school administrator held career status as a teacher in the local school administrative unit prior to being employed as an assistant principal and the State Board for any reason does not extend the school administrator's provisional assistant principal's certificate, the school administrator shall retain career status as a teacher unless the school administrator voluntarily relinquished that right or is dismissed or demoted under G.S. 115C-325. Nothing in this subsection or G.S. 115C-284(c) shall be construed to require a local board to extend or renew the contract of a school administrator who holds a provisional assistant principal's certificate.~~ license."

SECTION 9.6.(e) The State Board of Education shall develop by rule as provided in Article 2A of Chapter 150B of the General Statutes a model contract for use by local boards of education in awarding teacher contracts. The State Board may adopt a temporary rule for a model contract as provided in G.S. 150B-21.1 to provide a contract to local boards of education no later than January 1, 2014, but shall replace the temporary rule with a permanent rule as soon as practicable.

SECTION 9.6.(f) G.S. 115C-325(c)(1) through (c)(3) and G.S. 115-325(c)(5) and (c)(6) are repealed effective August 1, 2013. Individuals who have not received career status prior to the 2013-2014 school year shall not be granted career status during the 2013-2014 school year. All teachers who have not been granted career status prior to the 2013-2014 school year shall be offered only one-year contracts, except for qualifying teachers offered a four-year contract as provided in subsection (g) of this section, until the 2018-2019 school year.

SECTION 9.6.(g) Beginning September 1, 2013, to June 30, 2014, all superintendents shall review the performance and evaluations of all teachers who have been employed by the local board for at least three consecutive years. Based on these reviews, the superintendent shall identify and recommend to the local board twenty-five percent (25%) of those teachers employed by the local board for at least three consecutive years to be awarded four-year contracts beginning with the 2014-2015 school year. The superintendent shall not recommend to the local board any teacher for a four-year contract unless that teacher has shown effectiveness as demonstrated by proficiency on the teacher evaluation instrument. The local board of education shall review the superintendent's recommendation and may approve that recommendation or may select other teachers as part of the twenty-five percent (25%) to offer four-year contracts, but the local board shall not offer any teacher a four-year contract unless that teacher has shown effectiveness as demonstrated by proficiency on the teacher evaluation instrument. Contract offers shall be made and accepted no later than June 30, 2014. A teacher shall cease to be employed pursuant to G.S. 115C-325 and voluntarily relinquishes career status or any claim of career status by acceptance of a four-year contract as provided in this section.

SECTION 9.6.(h) Teachers employed by a local board of education on a four-year contract beginning with the 2014-2015 school year shall receive a five hundred dollar (\$500.00) annual pay raise for each year of the four-year contract.

SECTION 9.6.(i) Subsection (a) of this section becomes effective June 30, 2018, and no teacher employed by a local board of education on or after that date shall have career status. G.S. 115C-325 applies only to teachers with career status after June 30, 2014.

SECTION 9.6.(j) Subsection (b) of this section becomes effective July 1, 2014. G.S. 115C-325.1 through G.S. 115C-325.13, as enacted by this section, shall apply to all teachers on one- or four-year

contracts beginning July 1, 2014. G.S. 115C-325.1 through G.S. 115C-325.13, as enacted by this section, shall apply to all teachers employed by local boards of education or the State on or after July 1, 2018.

SECTION 9.6.(k) Subsections (c) and (d) of this section become effective July 1, 2014, and apply to all employees employed on or after that date.

SECTION 9.6.(l) Except as otherwise provided in this section, this section is effective when this act becomes law.

TEACHER CONTRACT CONFORMING CHANGES

SECTION 9.7.(a) G.S. 115C-105.26(b)(2) reads as rewritten:

"(2) State rules and policies, except those pertaining to public school State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-287.1 and ~~G.S. 115C-325~~, in Part 3 of Article 22 of this Chapter, health and safety codes, compulsory attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System."

SECTION 9.7.(b) G.S. 115C-105.37B(a)(2) reads as rewritten:

"(2) Restart model, in which the State Board of Education would authorize the local board of education to operate the school with the same exemptions from statutes and rules as a charter school authorized under Part 6A of Article 16 of this Chapter, or under the management of an educational management organization that has been selected through a rigorous review process. A school operated under this subdivision remains under the control of the local board of education, and employees assigned to the school are employees of the local school administrative unit with the protections provided by ~~G.S. 115C-325~~ Part 3 of Article 22 of this Chapter."

SECTION 9.7.(c) G.S. 115C-105.38A reads as rewritten:

"§ 115C-105.38A. Teacher competency assurance.

...

(d) Retesting; Dismissal. – Upon completion of the remediation plan required under subsection (c) of this section, the ~~certified~~ licensed staff member shall take the general knowledge test a second time. If the ~~certified~~ licensed staff member fails to acquire a passing score on the second test, the State Board shall begin a dismissal proceeding under ~~G.S. 115C-325(q)(2a)~~ G.S. 115C-325(q)(2a) or G.S. 115C-325.13.

...

(f) Other Actions Not Precluded. – Nothing in this section shall be construed to restrict or postpone the following actions:

- (1) The dismissal of a principal under ~~G.S. 115C-325(q)(1)~~ G.S. 115C-325.12.
- (2) The dismissal of a teacher, assistant principal, director, or supervisor under ~~G.S. 115C-325(q)(2)~~ G.S. 115C-325(q)(2) or G.S. 115C-325.13.
- (3) The dismissal or demotion of ~~a career~~ an employee for any of the grounds listed under ~~G.S. 115C-325(e)~~ G.S. 115C-325(e) or G.S. 115C-325.4.
- (4) The nonrenewal of a school administrator's or ~~probationary~~ teacher's contract of ~~employment~~ ~~or employment~~.
- (5) ~~The decision to grant career status.~~

...."

SECTION 9.7.(d) G.S. 115C-105.39 reads as rewritten:

"§ 115C-105.39. Dismissal or removal of personnel; appointment of interim superintendent.

(a) Within 30 days of the initial identification of a school as low-performing, whether by the local school administrative unit under G.S. 115C-105.37(a1) or by the State Board under G.S. 115C-105.37(a), the superintendent shall take one of the following actions concerning the school's principal: (i) recommend to the local board that the principal be retained in the same position, (ii) recommend to the local board that the principal be retained in the same position and a plan of remediation should be developed, (iii) recommend to the local board that the principal be transferred, or (iv) proceed under ~~G.S. 115C-325~~ G.S. 115C-325.4 to dismiss or demote the principal. The principal may be retained in the same position without a plan for remediation only if the principal was in that position for no more than two years before the school is identified as low-performing. The principal shall not be transferred to another

principal position unless (i) it is in a school classification in which the principal previously demonstrated at least 2 years of success, (ii) there is a plan to evaluate and provide remediation to the principal for at least one year following the transfer to assure the principal does not impede student performance at the school to which the principal is being transferred; and (iii) the parents of the students at the school to which the principal is being transferred are notified. The principal shall not be transferred to another low-performing school in the local school administrative unit. If the superintendent intends to recommend demotion or dismissal, the superintendent shall notify the local board. Within 15 days of (i) receiving notification that the superintendent intends to proceed under ~~G.S. 115C-325~~, G.S. 115C-325.4 or (ii) its decision concerning the superintendent's recommendation, but no later than September 30, the local board shall submit to the State Board a written notice of the action taken and the basis for that action. If the State Board does not assign an assistance team to that school or if the State Board assigns an assistance team to that school and the superintendent proceeds under ~~G.S. 115C-325~~ G.S. 115C-325.4 to dismiss or demote the principal, then the State Board shall take no further action. If the State Board assigns an assistance team to the school and the superintendent is not proceeding under ~~G.S. 115C-325~~ G.S. 115C-325.4 to dismiss or demote the principal, then the State Board shall vote to accept, reject, or modify the local board's recommendations. The State Board shall notify the local board of its action within five days. If the State Board rejects or modifies the local board's recommendations and does not recommend dismissal of the principal, the State Board's notification shall include recommended action concerning the principal's assignment or terms of employment. Upon receipt of the State Board's notification, the local board shall implement the State Board's recommended action concerning the principal's assignment or terms of employment unless the local board asks the State Board to reconsider that recommendation. The State Board shall provide an opportunity for the local board to be heard before the State Board acts on the local board's request for a reconsideration. The State Board shall vote to affirm or modify its original recommended action and shall notify the local board of its action within five days. Upon receipt of the State Board's notification, the local board shall implement the State Board's final recommended action concerning the principal's assignment or terms of employment. If the State Board rejects or modifies the local board's action and recommends dismissal of the principal, the State Board shall proceed under ~~G.S. 115C-325(q)(1)~~ G.S. 115C-325.12.

(b) The State Board shall proceed under G.S. 115C-325(q)(2) or G.S. 115C-325.13 for the dismissal of teachers, assistant principals, directors, and supervisors assigned to a school identified as low-performing in accordance with ~~G.S. 115C-325(q)(2)~~ G.S. 115C-325(q)(2) or G.S. 115C-325.13.
...."

SECTION 9.7.(e) G.S. 115C-238.68(3) reads as rewritten:

"(3) ~~Career status.~~ Leave of absence from local school administrative unit. – ~~Employees of the board of directors shall not be eligible for career status.~~ If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the regional school, the local school administrative unit shall grant the leave for one year. For the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the regional school may return to a public school in the local school administrative unit with career status at the end of the leave of absence or upon the end of employment at the regional school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers in accordance with G.S. 115C-325(e)(2)."

SECTION 9.7.(f) G.S. 115C-276(l) reads as rewritten:

"(l) To Maintain Personnel Files and to Participate in Firing and Demoting of Staff. – The superintendent shall maintain in his or her office a personnel file for each teacher that contains complaints, commendations, or suggestions for correction or improvement

about the teacher and shall participate in the firing and demoting of staff, as provided in ~~G.S. 115C-325~~ Part 3 of Article 22 of this Chapter."

SECTION 9.7.(g) G.S. 115C-285(a)(7) reads as rewritten:

"(7) All persons employed as principals in the schools and institutions listed in ~~subsection (p) of G.S. 115C-325~~ G.S. 115C-325.10 shall be compensated at the same rate as are teachers in the public schools in accordance with the salary schedule adopted by the State Board of Education."

SECTION 9.7.(h) G.S. 115C-304 is repealed.

SECTION 9.7.(i) G.S. 115C-333 reads as rewritten:

"§ 115C-333. Evaluation of licensed employees including certain superintendents; mandatory improvement plans; State board notification upon dismissal of employees.

(a) Annual Evaluations; Low-Performing Schools. – Local school administrative units shall evaluate at least once each year all licensed employees assigned to a school that has been identified as low-performing. The evaluation shall occur early enough during the school year to provide adequate time for the development and implementation of a mandatory improvement plan if one is recommended under subsection (b) of this section. If the employee is a teacher with career status as defined under G.S. 115C-325(a)(6), or a teacher as defined under G.S. 115C-325.1(6), either the principal, the assistant principal who supervises the teacher, or an assistance team assigned under G.S. 115C-105.38 shall conduct the evaluation. If the employee is a school administrator as defined under G.S. 115C-287.1(a)(3), either the superintendent or the superintendent's designee shall conduct the evaluation.

All teachers in low-performing schools who have ~~not attained career status~~ been employed for less than three consecutive years shall be observed at least three times annually by the principal or the principal's designee and at least once annually by a teacher and shall be evaluated at least once annually by a principal. This section shall not be construed to limit the duties and authority of an assistance team assigned to a low-performing school under G.S. 115C-105.38.

A local board shall use the performance standards and criteria adopted by the State Board and may adopt additional evaluation criteria and standards. All other provisions of this section shall apply if a local board uses an evaluation other than one adopted by the State Board.

(b) Mandatory Improvement Plans. –

...

(2a) If a licensed employee in a low-performing school receives a rating on any standard on an evaluation that is below proficient or otherwise represents unsatisfactory or below standard performance in an area that the licensed employee was expected to demonstrate, the individual or team that conducted the evaluation shall recommend to the superintendent that (i) the employee receive a mandatory improvement plan designed to improve the employee's ~~performance or performance~~, (ii) the superintendent recommend to the local board that if the employee is a career status teacher the employee be dismissed or demoted and if the employee is a teacher on contract the teacher's contract not be recommended for renewal, or (iii) if the employee engaged in inappropriate conduct or performed inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment that a proceeding for immediate dismissal or demotion be instituted. If the individual or team that conducted the evaluation elects not to make ~~either any~~ of the above recommendations, the said individual or team shall notify the superintendent of this decision. The superintendent shall determine whether to develop a mandatory improvement ~~plan~~ plan, to not recommend renewal of the employee's contract, or to recommend a dismissal proceeding.

...

(c) Reassessment of Employee in a Low-Performing School. – After the expiration of the time period for the mandatory improvement plan under subdivision (2a) of subsection (b) of this section, the superintendent, the superintendent's designee, or the assistance team shall assess the performance of the employee of the low-performing school a second time. If the superintendent, superintendent's designee, or assistance team determines that the employee has failed to become proficient in any of the performance standards articulated in the mandatory improvement plan or demonstrate sufficient improvement toward such standards, the superintendent shall recommend that if the employee is a teacher with career status the

teacher be dismissed or demoted under G.S. 115C-325, or if the employee is a teacher on contract ~~the employee's contract not be renewed or if the employee has engaged in inappropriate conduct or performed inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, that the employee be immediately dismissed or demoted under G.S. 115C-325.~~G.S. 115C-325.4. The results of the second assessment shall constitute substantial evidence of the employee's inadequate performance.

(d) State Board Notification. – If a local board dismisses an employee of a low-performing school who is a teacher with career status for any reason except a reduction in force under G.S. 115C-325(e)(1)l., or dismisses an employee who is a teacher on contract for cause or elects to not renew an employee's contract as a result of a superintendent's recommendation under subsection (b) or (c) of this section, it shall notify the State Board of the action, and the State Board annually shall provide to all local boards the names of those individuals. If a local board hires one of these individuals, within 60 days the superintendent or the superintendent's designee shall observe the employee, develop a mandatory improvement plan to assist the employee, and submit the plan to the State Board. The State Board shall review the mandatory improvement plan and may provide comments and suggestions to the superintendent. If on the next evaluation the employee receives a rating on any standard that was identified as an area of concern on the mandatory improvement plan that is again below proficient or otherwise represents unsatisfactory or below standard performance, the local board shall notify the State Board and the State Board shall initiate a proceeding to revoke the employee's license under G.S. 115C-296(d). If on this next evaluation the employee receives at least a proficient rating on all of the performance standards that were identified as areas of concern on the mandatory improvement plan, the local board shall notify the State Board that the employee is in good standing and the State Board shall not continue to provide the individual's name to local boards under this subsection unless the employee is a teacher with career status and is subsequently dismissed under G.S. 115C-325 except for a reduction in force, or the employee is a teacher on contract subsequently dismissed under G.S. 115C-325.4.
...."

SECTION 9.7(j) G.S. 115C-333.1 reads as rewritten:

"§ 115C-333.1. Evaluation of teachers in schools not identified as low-performing; mandatory improvement plans; State Board notification upon dismissal of teachers.

(a) Annual Evaluations. – All teachers who are assigned to schools that are not designated as low-performing and who have not ~~attained career status~~been employed for at least three consecutive years shall be observed at least three times annually by the principal or the principal's designee and at least once annually by a teacher and shall be evaluated at least once annually by a principal. All teachers with career status ~~or on a four-year contract~~ who are assigned to schools that are not designated as low-performing shall be evaluated annually unless a local board adopts rules that allow teachers with career status ~~or on a four-year contract~~ to be evaluated more or less frequently, provided that such rules are not inconsistent with State or federal requirements. Local boards also may adopt rules requiring the annual evaluation of nonlicensed employees. A local board shall use the performance standards and criteria adopted by the State Board and may adopt additional evaluation criteria and standards. All other provisions of this section shall apply if a local board uses an evaluation other than one adopted by the State Board.

...

(d) Reassessment of the Teacher. – Upon completion of a mandatory improvement plan under subsection (b) of this section, the principal shall assess the performance of the teacher a second time. The principal shall also review and consider any report provided by the qualified observer under subsection (c) of this section if one has been submitted before the end of the mandatory improvement plan period. If, after the second assessment of the teacher and consideration of any report from the qualified observer, the superintendent or superintendent's designee determines that the teacher has failed to become proficient in any of the performance standards identified as deficient in the mandatory improvement plan or demonstrate sufficient improvement toward such standards, the superintendent may recommend that a teacher with career status be dismissed or demoted under G.S. 115C-325, or if the teacher is on contract that the teacher's contract not be renewed or if the teacher has engaged in inappropriate conduct or performed inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, that the teacher be immediately dismissed or demoted under G.S. 115C-325.G.S. 115C-325.4.

The results of the second assessment produced pursuant to the terms of this subsection shall constitute substantial evidence of the teacher's inadequate performance.

(e) Dismissal Proceedings Without a Mandatory Improvement Plan. – The absence of a mandatory improvement plan as described in this section shall not prohibit a superintendent from initiating a dismissal proceeding against a teacher under the provisions of ~~G.S. 115C-325~~, G.S. 115C-325 or G.S. 115C-325.4. However, the superintendent shall not be entitled to the substantial evidence provision in subsection (d) of this section if such mandatory improvement plan is not utilized.

(f) State Board Notification. – If a local board dismisses a teacher with career status for any reason except a reduction in force under G.S. 115C-325(e)(1)l., or dismisses a teacher on contract for cause or elects to not renew a teacher's contract as a result of a superintendent's recommendation under subsection (d) of this section, it shall notify the State Board of the action, and the State Board annually shall provide to all local boards the names of those teachers. If a local board hires one of these teachers, within 60 days the superintendent or the superintendent's designee shall observe the teacher, develop a mandatory improvement plan to assist the teacher, and submit the plan to the State Board. The State Board shall review the mandatory improvement plan and may provide comments and suggestions to the superintendent. If on the next evaluation the teacher receives a rating on any standard that was an area of concern on the mandatory improvement plan that is again below proficient or a rating that otherwise represents unsatisfactory or below standard performance, the local board shall notify the State Board, and the State Board shall initiate a proceeding to revoke the teacher's license under G.S. 115C-296(d). If on the next evaluation the teacher receives at least a proficient rating on all of the overall performance standards that were areas of concern on the mandatory improvement plan, the local board shall notify the State Board that the teacher is in good standing, and the State Board shall not continue to provide the teacher's name to local boards under this subsection unless the teacher has career status and is subsequently dismissed under G.S. 115C-325 except for a reduction in ~~force, force or is a teacher on contract who is subsequently dismissed under~~ G.S. 115C-325.4. If, however, on this next evaluation the teacher receives a developing rating on any standards that were areas of concern on the mandatory improvement plan, the teacher shall have one more year to bring the rating to ~~proficient~~. If proficient if the local board elects to renew the teacher's contract. If by the end of this second year, year the teacher is not proficient in all standards that were areas of concern on the mandatory improvement plan, the local board shall notify the State Board, and the State Board shall initiate a proceeding to revoke the teacher's license under G.S. 115C-296(d).
...."

SECTION 9.7.(k) G.S. 115C-335(b) reads as rewritten:

"(b) Training. – The State Board, in collaboration with the Board of Governors of The University of North Carolina, shall develop programs designed to train principals and superintendents in the proper administration of the employee evaluations developed by the State Board. The Board of Governors shall use the professional development programs for public school employees that are under its authority to make this training available to all principals and superintendents at locations that are geographically convenient to local school administrative units. The programs shall include methods to determine whether an employee's performance has improved student learning, the development and implementation of appropriate professional growth and mandatory improvement plans, the process for contract nonrenewal, and the dismissal process under ~~G.S. 115C-325~~. Part 3 of Article 22 of this Chapter. The Board of Governors shall ensure that the subject matter of the training programs is incorporated into the masters in school administration programs offered by the constituent institutions. The State Board, in collaboration with the Board of Governors, also shall develop in-service programs for licensed public school employees that may be included in a mandatory improvement plan created under G.S. 115C-333(b) or G.S. 115C-333.1(b). The Board of Governors shall use the professional development programs for public school employees that are under its authority to make this training available at locations that are geographically convenient to local school administrative units."

SECTION 9.7.(l) G.S. 115C-404(b) reads as rewritten:

"(b) Documents received under this section shall be used only to protect the safety of or to improve the education opportunities for the student or others. Information gained in accordance with G.S. 7B-3100 shall not be the sole basis for a decision to suspend or expel a student. Upon receipt of each document, the principal shall share the document with those individuals who have (i) direct guidance, teaching, or supervisory responsibility for the student, and (ii) a specific need to know in order to protect the safety of

the student or others. Those individuals shall indicate in writing that they have read the document and that they agree to maintain its confidentiality. Failure to maintain the confidentiality of these documents as required by this section is grounds for the dismissal of an employee who is not employed on contract, grounds for dismissal of an employee on contract ~~not a career employee~~ in accordance with G.S. 115C-325.4(a)(9), and is grounds for dismissal of an employee who is a career ~~employee~~, teacher in accordance with G.S. 115C-325(e)(1)i."

SECTION 9.7.(m) G.S. 143B-146.7(b) reads as rewritten:

"(b) At any time after the State Board identifies a school as low-performing under this Part, the ~~Secretary~~ State Board shall proceed under G.S. 115C-325(p1) or G.S. 115C-325.11 for the dismissal of ~~certificated~~ licensed instructional personnel assigned to that school."

SECTION 9.7.(n) G.S. 143B-146.8 reads as rewritten:

"§ 143B-146.8. Evaluation of ~~certificated~~ licensed personnel and principals; action plans; State Board notification.

(a) Annual Evaluations; Low-Performing Schools. – The principal shall evaluate at least once each year all ~~certificated~~ licensed personnel assigned to a participating school that has been identified as low-performing but has not received an assistance team. The evaluation shall occur early enough during the school year to provide adequate time for the development and implementation of an action plan if one is recommended under subsection (b) of this section. If the employee is a teacher as defined under G.S. 115C-325(a)(6), G.S. 115C-325(a)(6) with career status or a teacher as defined in G.S. 115C-325.1(6) on contract, either the principal or an assessment team assigned under G.S. 143B-146.9 shall conduct the evaluation. If the employee is a school administrator as defined under G.S. 115C-287.1(a)(3), the Superintendent shall conduct the evaluation.

Notwithstanding this subsection or any other law, the principal shall observe at least three times annually, a teacher shall observe at least once annually, and the principal shall evaluate at least once annually, all teachers who have ~~not attained career status~~ been employed for less than three consecutive years. All other employees defined as teachers under G.S. 115C-325(a)(6) with career status or teachers as defined in G.S. 115C-325.1(6) on a four-year contract who are assigned to participating schools that are not designated as low-performing shall be evaluated annually unless the ~~Secretary~~ State Board adopts rules that allow specified categories of teachers with career status or on four-year contracts to be evaluated more or less frequently. The ~~Secretary~~ State Board also may adopt rules requiring the annual evaluation of ~~noncertificated~~ nonlicensed personnel. This section shall not be construed to limit the duties and authority of an assistance team assigned to a low-performing school.

~~The Secretary shall use the State Board's performance standards and criteria unless the Secretary develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board. All other provisions of this section shall apply if an evaluation is used other than one adopted by the State Board.~~

(b) Action Plans. – If a ~~certificated~~ licensed employee in a participating school that has been identified as low-performing receives an unsatisfactory or below standard rating on any function of the evaluation that is related to the employee's instructional duties, the individual or team that conducted the evaluation shall recommend to the principal that: (i) the employee receive an action plan designed to improve the employee's performance; or (ii) the principal recommend ~~to the Secretary~~ that the employee who is a career teacher be dismissed or demoted as provided in G.S. 115C-325 or the employee who is a teacher on contract not be recommended for renewal; or (iii) if the employee who is a teacher on contract engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment that a proceeding for immediate dismissal or demotion under G.S. 115C-325.4 be instituted. The principal shall determine whether to develop an action plan, to not recommend renewal of the employee's contract, or to recommend a dismissal proceeding. The person who evaluated the employee or the employee's supervisor shall develop the action plan unless an assistance team or assessment team conducted the evaluation. If an assistance team or assessment team conducted the evaluation, that team shall develop the action plan in collaboration with the employee's supervisor. Action plans shall be designed to be completed within 90 instructional days or before the beginning of the next school year. The State Board, ~~in consultation with the Secretary~~, Board shall develop guidelines that include strategies to assist in evaluating ~~certificated~~ licensed personnel and developing effective action plans within the time allotted under this section. The ~~Secretary~~ State Board may

adopt policies for the development and implementation of action plans or professional development plans for personnel who do not require action plans under this section.

(c) **Reevaluation.** – Upon completion of an action plan under subsection (b) of this section, the principal or the assessment team shall evaluate the employee a second time. If on the second evaluation the employee receives one unsatisfactory or more than one below standard rating on any function that is related to the employee's instructional duties, the principal shall recommend that the employee with career status be dismissed or demoted under G.S. 115C-325, or that an employee's contract not be renewed or if the employee engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, that the employee be dismissed or demoted under G.S. 115C-325.4. The results of the second evaluation shall constitute substantial evidence of the employee's inadequate performance.

(d) **State Board Notification.** – ~~If the Secretary dismisses an employee is dismissed for any reason except a reduction in force under G.S. 115C-325(e)(1), cause or an employee's contract is not renewed as a result of a superintendent's recommendation under subsection (b) or (c) of this section, the Secretary shall notify the State Board shall be notified of the action, and the State Board annually shall provide to all local boards of education the names of those individuals. If a local board hires one of these individuals, that local board shall proceed under G.S. 115C-333(d).~~

...."

SECTION 9.7.(o) G.S. 115C-105.38A, as amended by subsection (c) of this section, reads as rewritten:

"§ 115C-105.38A. Teacher competency assurance.

...

(d) **Retesting; Dismissal.** – Upon completion of the remediation plan required under subsection (c) of this section, the licensed staff member shall take the general knowledge test a second time. If the licensed staff member fails to acquire a passing score on the second test, the State Board shall begin a dismissal proceeding under ~~G.S. 115C-325(q)(2a)~~ or G.S. 115C-325.13.

...

(f) **Other Actions Not Precluded.** – Nothing in this section shall be construed to restrict or postpone the following actions:

- (1) The dismissal of a principal under G.S. 115C-325.12.
- (2) The dismissal of a teacher, assistant principal, director, or supervisor under ~~G.S. 115C-325(q)(2)~~ or G.S. 115C-325.13.
- (3) The dismissal or demotion of an employee for any of the grounds listed under ~~G.S. 115C-325(e)~~ or G.S. 115C-325.4.
- (4) The nonrenewal of a school administrator's or teacher's contract of employment.

...."

SECTION 9.7.(p) G.S. 115C-105.39(b), as amended by subsection (d) of this section, reads as rewritten:

"(b) The State Board shall proceed under ~~G.S. 115C-325(q)(2)~~ or G.S. 115C-325.13 for the dismissal of teachers, assistant principals, directors, and supervisors assigned to a school identified as low-performing in accordance with ~~G.S. 115C-325(q)(2)~~ or G.S. 115C-325.13.

...."

SECTION 9.7.(q) G.S. 115C-238.29F(e)(3) reads as rewritten:

"(3) If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at a charter school, the local school administrative unit shall grant the leave for one year. For the initial year of a charter school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of a charter school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has ~~career status under G.S. 115C-325 prior to receiving~~ received a leave of absence to teach at a charter school may return to a public school in the local school administrative unit ~~with career status~~ at the end of the leave of absence or upon the end of

employment at the charter school if an appropriate position is available. ~~If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers and that teacher shall have priority on all positions for which that teacher is qualified in accordance with G.S. 115C-325(e)(2).~~"

SECTION 9.7.(r) G.S. 115C-238.68(3), as amended by subsection (e) of this section, reads as rewritten:

"(3) Leave of absence from local school administrative unit. – If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the regional school, the local school administrative unit shall grant the leave for one year. For the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the regional school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has ~~career status under G.S. 115C-325 prior to receiving~~ received a leave of absence to teach at the regional school may return to a public school in the local school administrative unit ~~with career status~~ at the end of the leave of absence or upon the end of employment at the regional school if an appropriate position is available. ~~If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers in accordance with G.S. 115C-325(e)(2).~~"

SECTION 9.7.(s) G.S. 115C-333, as amended by subsection (i) of this section, reads as rewritten:

"§ 115C-333. Evaluation of licensed employees including certain superintendents; mandatory improvement plans; State board notification upon dismissal of employees.

(a) Annual Evaluations; Low-Performing Schools. – Local school administrative units shall evaluate at least once each year all licensed employees assigned to a school that has been identified as low-performing. The evaluation shall occur early enough during the school year to provide adequate time for the development and implementation of a mandatory improvement plan if one is recommended under subsection (b) of this section. If the employee is a teacher ~~with career status as defined under G.S. 115C-325(a)(6), or a teacher as defined under G.S. 115C-325.1(6),~~ G.S. 115C-325.1(6) either the principal, the assistant principal who supervises the teacher, or an assistance team assigned under G.S. 115C-105.38 shall conduct the evaluation. If the employee is a school administrator as defined under G.S. 115C-287.1(a)(3), either the superintendent or the superintendent's designee shall conduct the evaluation.

All teachers in low-performing schools who have been employed for less than three consecutive years shall be observed at least three times annually by the principal or the principal's designee and at least once annually by a teacher and shall be evaluated at least once annually by a principal. This section shall not be construed to limit the duties and authority of an assistance team assigned to a low-performing school under G.S. 115C-105.38.

A local board shall use the performance standards and criteria adopted by the State Board and may adopt additional evaluation criteria and standards. All other provisions of this section shall apply if a local board uses an evaluation other than one adopted by the State Board.

(b) Mandatory Improvement Plans. –

...

(2a) If a licensed employee in a low-performing school receives a rating on any standard on an evaluation that is below proficient or otherwise represents unsatisfactory or below standard performance in an area that the licensed employee was expected to demonstrate, the individual or team that conducted the evaluation shall recommend to the superintendent that (i) the employee receive a mandatory improvement plan designed to improve the employee's performance, (ii) the superintendent recommend to the local board that ~~if the employee is a career status teacher the employee be dismissed or demoted and if the employee is a teacher on contract the teacher's employee's~~ contract not be recommended for renewal, or (iii) if the employee engaged in inappropriate conduct or performed inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment that a proceeding for immediate dismissal or demotion be instituted. If the individual or team that conducted the

evaluation elects not to make any of the above recommendations, the said individual or team shall notify the superintendent of this decision. The superintendent shall determine whether to develop a mandatory improvement plan, to not recommend renewal of the employee's contract, or to recommend a dismissal proceeding.

...

(c) Reassessment of Employee in a Low-Performing School. – After the expiration of the time period for the mandatory improvement plan under subdivision (2a) of subsection (b) of this section, the superintendent, the superintendent's designee, or the assistance team shall assess the performance of the employee of the low-performing school a second time. If the superintendent, superintendent's designee, or assistance team determines that the employee has failed to become proficient in any of the performance standards articulated in the mandatory improvement plan or demonstrate sufficient improvement toward such standards, the superintendent shall recommend that ~~if the employee is a teacher with career status the teacher be dismissed or demoted under G.S. 115C-325, or if the employee is a teacher on contract the~~ employee's contract not be renewed or if the employee has engaged in inappropriate conduct or performed inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, that the employee be immediately dismissed or demoted under G.S. 115C-325.4. The results of the second assessment shall constitute substantial evidence of the employee's inadequate performance.

(d) State Board Notification. – If a local board dismisses an employee of a low-performing school ~~who is a teacher with career status for any reason except a reduction in force under G.S. 115C-325(e)(1)I., or dismisses an employee who is a teacher on contract~~ for cause or elects to not renew an employee's contract as a result of a superintendent's recommendation under subsection (b) or (c) of this section, it shall notify the State Board of the action, and the State Board annually shall provide to all local boards the names of those individuals. If a local board hires one of these individuals, within 60 days the superintendent or the superintendent's designee shall observe the employee, develop a mandatory improvement plan to assist the employee, and submit the plan to the State Board. The State Board shall review the mandatory improvement plan and may provide comments and suggestions to the superintendent. If on the next evaluation the employee receives a rating on any standard that was identified as an area of concern on the mandatory improvement plan that is again below proficient or otherwise represents unsatisfactory or below standard performance, the local board shall notify the State Board and the State Board shall initiate a proceeding to revoke the employee's license under G.S. 115C-296(d). If on this next evaluation the employee receives at least a proficient rating on all of the performance standards that were identified as areas of concern on the mandatory improvement plan, the local board shall notify the State Board that the employee is in good standing and the State Board shall not continue to provide the individual's name to local boards under this subsection unless the employee ~~is a teacher with career status and is subsequently dismissed under G.S. 115C-325 except for a reduction in force, or the employee is a teacher on contract subsequently dismissed under G.S. 115C-325.4.~~

...."

SECTION 9.7.(t) G.S. 115C-333.1, as amended by subsection (j) of this section, reads as rewritten:

"§ 115C-333.1. Evaluation of teachers in schools not identified as low-performing; mandatory improvement plans; State Board notification upon dismissal of teachers.

(a) Annual Evaluations. – All teachers who are assigned to schools that are not designated as low-performing and who have not been employed for at least three consecutive years shall be observed at least three times annually by the principal or the principal's designee and at least once annually by a teacher and shall be evaluated at least once annually by a principal. All teachers ~~with career status or on a four-year contract who have been employed for three or more years~~ who are assigned to schools that are not designated as low-performing shall be evaluated annually unless a local board adopts rules that allow teachers ~~with career status or on a four-year contract~~ employed for three or more years to be evaluated more or less frequently, provided that such rules are not inconsistent with State or federal requirements. Local boards also may adopt rules requiring the annual evaluation of nonlicensed employees. A local board shall use the performance standards and criteria adopted by the State Board and may adopt additional evaluation criteria and standards. All other provisions of this section shall apply if a local board uses an evaluation other than one adopted by the State Board.

...

(d) Reassessment of the Teacher. – Upon completion of a mandatory improvement plan under subsection (b) of this section, the principal shall assess the performance of the teacher a second time. The principal shall also review and consider any report provided by the qualified observer under subsection (c) of this section if one has been submitted before the end of the mandatory improvement plan period. If, after the second assessment of the teacher and consideration of any report from the qualified observer, the superintendent or superintendent's designee determines that the teacher has failed to become proficient in any of the performance standards identified as deficient in the mandatory improvement plan or demonstrate sufficient improvement toward such standards, the superintendent may recommend that ~~a teacher with career status be dismissed or demoted under G.S. 115C-325, or if the teacher is on contract that the teacher's contract not be renewed-renewed, or if the teacher has engaged in inappropriate conduct or performed inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, that the teacher be immediately dismissed or demoted under G.S. 115C-325.4.~~ The results of the second assessment produced pursuant to the terms of this subsection shall constitute substantial evidence of the teacher's inadequate performance.

(e) Dismissal Proceedings Without a Mandatory Improvement Plan. – The absence of a mandatory improvement plan as described in this section shall not prohibit a superintendent from initiating a dismissal proceeding against a teacher under the provisions of ~~G.S. 115C-325~~ or G.S. 115C-325.4. However, the superintendent shall not be entitled to the substantial evidence provision in subsection (d) of this section if such mandatory improvement plan is not utilized.

(f) State Board Notification. – If a local board dismisses a teacher ~~with career status for any reason except a reduction in force under G.S. 115C-325(e)(1), or dismisses a teacher on contract~~ for cause or elects to not renew a teacher's contract as a result of a superintendent's recommendation under subsection (d) of this section, it shall notify the State Board of the action, and the State Board annually shall provide to all local boards the names of those teachers. If a local board hires one of these teachers, within 60 days the superintendent or the superintendent's designee shall observe the teacher, develop a mandatory improvement plan to assist the teacher, and submit the plan to the State Board. The State Board shall review the mandatory improvement plan and may provide comments and suggestions to the superintendent. If on the next evaluation the teacher receives a rating on any standard that was an area of concern on the mandatory improvement plan that is again below proficient or a rating that otherwise represents unsatisfactory or below standard performance, the local board shall notify the State Board, and the State Board shall initiate a proceeding to revoke the teacher's license under G.S. 115C-296(d). If on the next evaluation the teacher receives at least a proficient rating on all of the overall performance standards that were areas of concern on the mandatory improvement plan, the local board shall notify the State Board that the teacher is in good standing, and the State Board shall not continue to provide the teacher's name to local boards under this subsection unless the teacher has career status and is subsequently dismissed ~~under G.S. 115C-325 except for a reduction in force or is a teacher on contract who is subsequently dismissed~~ under G.S. 115C-325.4. If, however, on this next evaluation the teacher receives a developing rating on any standards that were areas of concern on the mandatory improvement plan, ~~the teacher shall have one more year to bring the rating to proficient~~ if the local board elects to renew the teacher's contract. If by the end of this second year the teacher is not proficient in all standards that were areas of concern on the mandatory improvement plan, the local board shall notify the State Board, and the State Board shall initiate a proceeding to revoke the teacher's license under G.S. 115C-296(d).
...."

SECTION 9.7.(u) Article 23 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-344. Employment benefits for exchange teachers.

An exchange teacher is a nonimmigrant alien teacher participating in an exchange visitor program designated by the United States Department of State pursuant to 22 C.F.R. Part 62 or by the United States Department of Homeland Security pursuant to 8 C.F.R. Part 214.2(q). For purposes of determining eligibility to receive employment benefits under this Chapter, including personal leave, annual vacation leave, and sick leave, an exchange teacher shall be considered a permanent teacher if employed with the expectation of at least six full consecutive monthly pay periods of employment and if employed at least 20 hours per week. An exchange teacher is not a teacher for purposes of the Teachers' and State Employees' Retirement System of North Carolina as provided in G.S. 135-1(25)."

SECTION 9.7.(v) G.S. 115C-404(b), as amended by subsection (n) of this section, reads as rewritten:

"(b) Documents received under this section shall be used only to protect the safety of or to improve the education opportunities for the student or others. Information gained in accordance with G.S. 7B-3100 shall not be the sole basis for a decision to suspend or expel a student. Upon receipt of each document, the principal shall share the document with those individuals who have (i) direct guidance, teaching, or supervisory responsibility for the student, and (ii) a specific need to know in order to protect the safety of the student or others. Those individuals shall indicate in writing that they have read the document and that they agree to maintain its confidentiality. Failure to maintain the confidentiality of these documents as required by this section is grounds for the dismissal of an employee who is not employed on ~~contract, contract and~~ grounds for dismissal of an employee on contract in accordance with ~~G.S. 115C-325.4(a)(9), G.S. 115C-325.4(a)(9), and grounds for dismissal of an employee who is a career teacher in accordance with G.S. 115C-325(c)(1)i.~~"

SECTION 9.7.(w) G.S. 143B-146.7(b), as amended by subsection (m) of this section, reads as rewritten:

"(b) At any time after the State Board identifies a school as low-performing under this Part, the State Board shall proceed under ~~G.S. 115C-325(p1)~~ or G.S. 115C-325.11 for the dismissal of licensed instructional personnel assigned to that school."

SECTION 9.7.(x) G.S. 143B-146.8, as amended by subsection (n) of this section, reads as rewritten:

"§ 143B-146.8. Evaluation of licensed personnel and principals; action plans; State Board notification.

(a) Annual Evaluations; Low-Performing Schools. – The principal shall evaluate at least once each year all licensed personnel assigned to a participating school that has been identified as low-performing but has not received an assistance team. The evaluation shall occur early enough during the school year to provide adequate time for the development and implementation of an action plan if one is recommended under subsection (b) of this section. If the employee is a ~~teacher as defined under G.S. 115C-325(a)(6) with career status or a teacher as defined in G.S. 115C-325.1(6) on contract,~~ G.S. 115C-325.1(6), either the principal or an assessment team assigned under G.S. 143B-146.9 shall conduct the evaluation. If the employee is a school administrator as defined under G.S. 115C-287.1(a)(3), the Superintendent shall conduct the evaluation.

Notwithstanding this subsection or any other law, the principal shall observe at least three times annually, a teacher shall observe at least once annually, and the principal shall evaluate at least once annually, all teachers who have been employed for less than three consecutive years. All other employees ~~who have been employed for three or more years and are defined as teachers under G.S. 115C-325(a)(6) with career status or teachers as defined in G.S. 115C-325.1(5) on a four-year contract~~ G.S. 115C-325.1(6) who are assigned to participating schools that are not designated as low-performing shall be evaluated annually unless the State Board adopts rules that allow specified categories of teachers with ~~career status or on four-year contracts~~ three or more years employment to be evaluated more or less frequently. The State Board also may adopt rules requiring the annual evaluation of nonlicensed personnel. This section shall not be construed to limit the duties and authority of an assistance team assigned to a low-performing school.

(b) Action Plans. – If a licensed employee in a participating school that has been identified as low-performing receives an unsatisfactory or below standard rating on any function of the evaluation that is related to the employee's instructional duties, the individual or team that conducted the evaluation shall recommend to the principal that: (i) the employee receive an action plan designed to improve the employee's performance; or (ii) ~~the principal recommend that the employee who is a career teacher be dismissed or demoted as provided in G.S. 115C-325 or the employee who is a teacher on contract~~ the employee's contract not be recommended for renewal; or (iii) if the employee who is a teacher on contract engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment that a proceeding for immediate dismissal or demotion under G.S. 115C-325.4 be instituted. The principal shall determine whether to develop an action plan, to not recommend renewal of the employee's contract, or to recommend a dismissal proceeding. The person who evaluated the employee or the employee's supervisor shall develop the action plan unless an assistance team or assessment team conducted the evaluation. If an assistance team or assessment team conducted the evaluation, that team shall develop the action plan in collaboration with the

employee's supervisor. Action plans shall be designed to be completed within 90 instructional days or before the beginning of the next school year. The State Board shall develop guidelines that include strategies to assist in evaluating licensed personnel and developing effective action plans within the time allotted under this section. The State Board may adopt policies for the development and implementation of action plans or professional development plans for personnel who do not require action plans under this section.

(c) **Reevaluation.** – Upon completion of an action plan under subsection (b) of this section, the principal or the assessment team shall evaluate the employee a second time. If on the second evaluation the employee receives one unsatisfactory or more than one below standard rating on any function that is related to the employee's instructional duties, the principal shall recommend that the ~~employee with career status be dismissed or demoted under G.S. 115C-325, or that an employee on~~ employee's contract not be renewed, or if the employee engages in inappropriate conduct or performs inadequately to such a degree that such conduct or performance causes substantial harm to the educational environment, that the employee be dismissed or demoted under G.S. 115C-325.4. The results of the second evaluation shall constitute substantial evidence of the employee's inadequate performance.
...."

SECTION 9.7.(y) Subsection (u) of this section becomes effective August 1, 2013. Subsections (a) through (n) of this section become effective July 1, 2014. Subsections (o) through (t) and (v) through (x) become effective June 30, 2018.

PART X. COMMUNITY COLLEGES

EXPAND INDUSTRIAL AND ENGINEERING TECHNOLOGIES EDUCATION TO FRESHMAN AND SOPHOMORE HIGH SCHOOL STUDENTS

SECTION 10.9.(a) G.S. 115D-20(4)a.2. reads as rewritten:

"§ 115D-20. Powers and duties of trustees.

The trustees of each institution shall constitute the local administrative board of such institution, with such powers and duties as are provided in this Chapter and as are delegated to it by the State Board of Community Colleges. The powers and duties of trustees shall include the following:

...

(4) To apply the standards and requirements for admission and graduation of students and other standards established by the State Board of Community Colleges. Notwithstanding any law or administrative rule to the contrary, local community colleges are permitted to offer the following programs:

a. Subject to the approval of the State Board of Community Colleges, local community colleges may collaborate with local school administrative units to offer courses through the following programs:

...

2. Academic transition pathways for qualified junior and senior high school students that lead to a career technical education certificate or ~~diploma~~ diploma and academic transition pathways for qualified freshmen and sophomore high school students that lead to a career technical education certificate or diploma in industrial and engineering technologies."

SECTION 10.9.(b) The Community Colleges System Office shall report to the Joint Legislative Education Oversight Committee by October 1, 2014, and October 1, 2015, on freshmen and sophomore students served under G.S. 115D-20(4)a.2., as amended by subsection (a) of this section. The report shall include the number of and budget FTE for freshmen students and the number of and budget FTE for sophomore students.

PART XI. UNIVERSITIES

STUDENT CHARGES AT THE UNC SCHOOL OF THE ARTS

SECTION 11.8.(a) Article 4 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-68.1. Fees.

The Board of Governors of The University of North Carolina may set fees, not inconsistent with the actions of the General Assembly, to be paid by in-State high school students enrolled at the University of North Carolina School of the Arts to assist with expenses of the institution. The Board of Trustees may recommend to the Board of Governors of The University of North Carolina that fees be set, not inconsistent with actions of the General Assembly, to be paid by in-State high school students enrolled at the University of North Carolina School of the Arts to assist with expenses of the institution. The University of North Carolina School of the Arts may charge and collect fees established as provided by this section from in-State high school students enrolled at the University of North Carolina School of the Arts."

SECTION 11.8.(b) This section applies to the 2014-2015 academic year and each subsequent academic year.

AUTHORIZE STATE EDUCATION ASSISTANCE AUTHORITY TO CONTINUE TO COLLECT NORTH CAROLINA TEACHING FELLOWS REPAYMENTS

SECTION 11.9. Subsection (b) of Section 1.38 of S.L. 2011-266 is repealed.

STUDY SCHOOL OF SCIENCE AND MATHEMATICS/MORGANTON CAMPUS

SECTION 11.16.(a) The Board of Governors of The University of North Carolina, the North Carolina School of Science and Mathematics (School of Science and Math), and the Department of Public Instruction shall jointly study the feasibility of establishing a western campus for the School of Science and Math at the School for the Deaf in Morganton. In its study, the Board of Governors, the School of Science and Math, and the Department of Public Instruction shall consider the number of students with excellent academic records who apply to the School of Science and Math but are not accepted because of the School's lack of physical space to accommodate additional students. They may also consult with the Department of Administration regarding what, if any, renovations would be required at the School for the Deaf if a western campus for the School of Science and Math were located at that facility. If it is determined that the School for the Deaf is not a suitable site for the location of a western campus, the Board of Governors, School of Science and Math, and the Department of Public Instruction in consultation with the Department of Administration may consider other sites in western North Carolina that are available as a site.

SECTION 11.16.(b) The Department of Administration shall, upon request by the Board of Governors, the North Carolina School of Science and Math, and the Department of Public Instruction, provide information regarding renovations that may be required to locate a western campus for the School of Science and Math at the School for the Deaf and shall also provide, upon request, information regarding other State-owned real property that may be available for such a purpose.

SECTION 11.16.(c) The Board of Governors, the School of Science and Math, and the Department of Public Instruction shall report their findings and recommendations to the House of Representatives and Senate Appropriations Subcommittees on Education by February 1, 2014.

UNC ISCHOOL/CAREER AND COLLEGE PROMISE PROGRAM

SECTION 11.18. The University of North Carolina at Greensboro and the Department of Public Instruction shall jointly study the feasibility of restarting the UNC-G iSchool by incorporating it as a part of the Career and College Promise Program. As part of the study, the University of North Carolina at Greensboro and the Department of Public Instruction shall consider the cost of incorporating the iSchool within the existing structure of the Career and College Promise Program. The University of North Carolina at Greensboro and the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee by March 1, 2014, regarding their findings and recommendations.

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

FUNDING FOR NONPROFIT ORGANIZATIONS/ESTABLISH COMPETITIVE GRANTS PROCESS

SECTION 12A.2.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, the sum of nine million five hundred twenty-nine thousand one hundred thirty-four dollars (\$9,529,134) in recurring funds for each year of the 2013-2015 fiscal biennium, the sum of three hundred seventeen thousand four hundred dollars (\$317,400) in nonrecurring funds for each year of the 2013-2015 fiscal biennium, and the sum of three million eight hundred fifty-two thousand five hundred dollars (\$3,852,500) appropriated in Section 12J.1 of this act for each year of the 2013-2015 fiscal biennium shall be used to allocate funds for nonprofit organizations.

SECTION 12A.2.(b) For fiscal year 2013-2014 only, from funds appropriated under subsection (a) of this section, the Department shall allocate the designated amounts to the following nonprofit organizations:

(1) North Carolina Senior Games, Inc.	\$ 121,481
(2) ARC of North Carolina	305,598
(3) ARC of North Carolina – Wilmington	51,048
(4) Autism Society of North Carolina	2,941,818
(5) The Mariposa School for Children with Autism	339,879
(6) Easter Seals UCP of North Carolina	1,619,439
(7) ABC of North Carolina Child Development Center	366,703
(8) Residential Services, Inc.	246,424
(9) Oxford House, Inc.	200,000
(10) Brain Injury Association of North Carolina	225,223
(11) Food Bank of Central and Eastern North Carolina, Inc.	500,001
(12) Food Bank of the Albemarle	500,001
(13) Manna Food Bank	500,001
(14) Second Harvest Food Bank of Metrolina, Inc.	500,001
(15) Second Harvest Food Bank of Northwest North Carolina.	500,001
(16) Second Harvest Food Bank of Southeast North Carolina	499,999
(17) Prevent Blindness NC	458,163
(18) Maternity Homes	375,000
(19) NC High School Athletic Association (NCHSAA)	332,491
(20) Work First – Boys & Girls Clubs	2,452,500
(21) Vocational Rehabilitation Services-Easter Seal Society/UCP North	188,263
(22) LS Jim “Catfish” Hunter	400,000
(23) Accessible Electronic Information for Blind and Disabled Persons	75,000

SECTION 12A.2.(c) No later than December 1, 2013, each nonprofit organization receiving funding pursuant to subsection (b) of this section shall submit to the Division of Central Management and Support a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

- (1) The entity's mission, purpose, and governance structure.
- (2) A description of the types of programs, services, and activities funded by State appropriations.
- (3) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.
- (4) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities.
- (5) A detailed program budget and list of expenditures, including all positions funded and funding sources.
- (6) The source and amount of any matching funds received by the entity.

SECTION 12A.2.(d) It is the intent of the General Assembly that, beginning fiscal year 2014-2015, the Department implement a competitive grants process for nonprofit funding. To that end, the Department shall develop a plan that establishes a competitive grants process to be administered by the Division of Central Management and Support. The Department shall develop a plan that, at a minimum, includes each of the following:

- (1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis.

- (2) A requirement that nonprofits match a minimum of ten percent (10%) of the total amount of the grant award.
- (3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award.
- (4) A process that awards grants to nonprofits dedicated to providing services on a statewide basis and that support any of the following State health and wellness initiatives:
 - a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
 - b. A comprehensive program of education, advocacy, and support related to brain injury and those affected by brain injury.
 - c. A system of residential supports for those afflicted with substance abuse addiction.
 - d. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
 - e. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
 - f. A food distribution system for needy individuals.
 - g. The provision and coordination of services for the homeless.
 - h. The provision of services for individuals aging out of foster care.
 - i. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
 - j. A program focused on enhancing vision screening through the State's public school system.
 - k. Provision for the delivery of after-school services for at-risk youth.
 - l. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
 - m. The provision of assistive information technology services for blind and disabled persons.
- (5) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

SECTION 12A.2.(e) No later than February 1, 2014, the Secretary of Health and Human Services shall develop a plan for the implementation of the competitive grants process for nonprofit funding and shall report to the Joint Legislative Oversight Committee on Health and Human Services on the plan.

SECTION 12A.2.(f) No later than March 1, 2014, the Secretary of Health and Human Services shall implement the plan for the competitive grants process.

SECTION 12A.2.(g) No later than July 1, 2014, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the 2014-2015 fiscal year pursuant to the amounts designated under subsection (a) of this section. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

- (1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of persons served by each grantee, broken down by program or initiative.

MEETINGS OF CANCER COORDINATION COMMITTEE

SECTION 12A.10. G.S. 130A-33.50(b) reads as rewritten:

"(b) The Committee shall have up to 34 members, including the Secretary of the Department or the Secretary's designee. The members of the Committee shall elect a chair and vice-chair from among the Committee membership. The Committee shall meet not more than twice a year at the call of the chair. Six of the members shall be legislators, three of whom shall be appointed by the Speaker of the House of Representatives, and three of whom shall be appointed by the President Pro Tempore of the Senate. Four of

the members shall be cancer survivors, two of whom shall be appointed by the Speaker of the House of Representatives, and two of whom shall be appointed by the President Pro Tempore of the Senate. The remainder of the members shall be appointed by the Governor as follows:

- (1) One member from the Department of Environment and Natural Resources;
- (2) Three members, one from each of the following: the Department, the Department of Public Instruction, and the North Carolina Community College System;
- (3) Four members representing the cancer control programs at North Carolina medical schools, one from each of the following: the University of North Carolina at Chapel Hill School of Medicine, the Bowman Gray School of Medicine, the Duke University School of Medicine, and the East Carolina University School of Medicine;
- (4) One member who is an oncology nurse representing the North Carolina Nurses Association;
- (5) One member representing the Cancer Committee of the North Carolina Medical Society;
- (6) One member representing the Old North State Medical Society;
- (7) One member representing the American Cancer Society, North Carolina Division, Inc.;
- (8) One member representing the North Carolina Hospital Association;
- (9) One member representing the North Carolina Association of Local Health Directors;
- (10) One member who is a primary care physician licensed to practice medicine in North Carolina;
- (11) One member representing the American College of Surgeons;
- (12) One member representing the North Carolina Oncology Society;
- (13) One member representing the Association of North Carolina Cancer Registrars;
- (14) One member representing the Medical Directors of the North Carolina Association of Health Plans; and
- (15) Up to four additional members at large.

Except for the Secretary, the members shall be appointed for staggered four-year terms and until their successors are appointed and qualify. The Governor may remove any member of the Committee from office in accordance with the provisions of G.S. 143B-13. Members may succeed themselves for one term and may be appointed again after being off the Committee for one term."

MODIFICATIONS TO COMMISSION FOR THE BLIND

SECTION 12A.14.(a) Eliminate Professional Advisory Committee. – Part 8 of Article 3 of Chapter 143B of the General Statutes is repealed.

SECTION 12A.14.(b) G.S. 143B-158 reads as rewritten:

"§ 143B-158. Commission for the Blind.

(a) The Commission for the Blind of the Department of Health and Human Services shall consist of ~~13~~19 members as follows:

- (1) One representative of the Statewide Independent Living Council.
- (2) One representative of a parent training and information center established pursuant to section 631(c) of the Individuals with Disabilities Education Act, 20 U.S.C. § 1431(c).
- (3) One representative of the State's Client Assistance Program.
- (4) One vocational rehabilitation counselor who has knowledge of and experience in vocational rehabilitation services for the blind. A vocational rehabilitation counselor appointed pursuant to this subdivision shall serve as a nonvoting member of the Commission if the counselor is an employee of the Department of Health and Human Services.
- (5) One representative of community rehabilitation program services providers.
- (6) One current or former applicant for, or recipient of, vocational rehabilitation services.
- (7) One representative of a disability advocacy group representing individuals who are blind.
- (8) One parent, family member, guardian, advocate, or authorized representative of an individual who is blind, has multiple disabilities, and either has difficulty representing himself or herself or who is unable, due to disabilities, to represent himself or herself.

- (9) One representative of business, industry, and labor.
 - (10) One representative of the directors of projects carried out under section 121 of the Rehabilitation Act of 1973, 29 U.S.C. § 741, as amended, if there are any of these projects in the State.
 - (11) One representative of the Department of Public Instruction.
 - (12) One representative of the Commission on Workforce Development.
 - (12a) Two licensed physicians nominated by the North Carolina Medical Society whose practice is limited to ophthalmology.
 - (12b) Two optometrists nominated by the North Carolina State Optometric Society.
 - (12c) Two opticians nominated by the North Carolina Opticians Association.
 - (13) The Director of the Division of Services for the Blind shall serve as an ex officio, nonvoting member.
- (b) The members of the Commission for the Blind shall be appointed by the Governor. The Governor shall appoint members after soliciting recommendations from representatives of organizations representing a broad range of individuals who have disabilities and organizations interested in those individuals. In making appointments to the Commission, the Governor shall consider, to the greatest extent practicable, the extent to which minority populations are represented on the Commission.
- (c) ~~A-Except for individuals appointed to the Commission under subdivisions (12a), (12b), and (12c) of subsection (a) of this section, a majority of Commission members shall be persons who are blind, as defined in G.S. 111-11. A majority of Commission members shall be persons who are G.S. 111-11 and who are not employed by the Division of Services for the Blind.~~
- (d) The Commission for the Blind shall select a Chairperson from among its members.
- (e) The term of office of members of the Commission is three years. The term of members appointed under subdivisions (1), (2), (3), ~~and (4)~~ (4), and (12a) of subsection (a) of this section shall expire on June 30 of years evenly divisible by three. The term of members appointed under subdivisions (5), (6), (7), ~~and (8)~~ (8), and (12b) of subsection (a) of this section shall expire on June 30 of years that follow by one year those years that are evenly divisible by three. The term of members appointed under subdivisions (9), (10), (11), ~~and (12)~~ (12), and (12c) of subsection (a) of this section shall expire on June 30 of years that precede by one year those years that are evenly divisible by three.
- (f) No individual may be appointed to more than two consecutive three-year terms. Upon the expiration of a term, a member shall continue to serve until a successor is appointed, as provided by G.S. 128-7. An appointment to fill a vacancy shall be for the unexpired balance of the term.
- (g) A member of the Commission shall not vote on any issue before the Commission that would have a significant and predictable effect on the member's financial interest. The Governor shall have the power to remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of G.S. 143B-13 of the Executive Organization Act of 1973.
- (h) The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.
- (i) A majority of the Commission shall constitute a quorum for the transaction of business.
- (j) All clerical and other services required by the Commission shall be supplied by the Secretary of Health and Human Services."

SECTION 12A.14.(c) Subsection (b) of this section becomes effective August 1, 2013.

SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K

SECTION 12B.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are four years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed

Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for prekindergarten participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 12B.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 12B.1.(c) Programmatic Standards. – All entities operating prekindergarten classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 12B.1.(d) NC Pre-K Committees. – The Division of Child Development and Early Education shall establish a standard decision-making process to be used by local NC Pre-K committees in awarding prekindergarten classroom slots and student selection.

SECTION 12B.1.(e) SEEK. – All prekindergarten classrooms shall be required to participate in the Subsidized Early Education for Kids (SEEK) accounting system to streamline the payment function for these classrooms with a goal of eliminating duplicative systems and streamlining the accounting and payment processes among the subsidy reimbursement systems. Prekindergarten funds transferred may be used to add these programs to SEEK.

SECTION 12B.1.(f) Pilot Program. – The Division of Child Development and Early Education shall create a pilot program that provides funding for NC Pre-K classrooms on a per classroom basis. The pilot program shall include three different NC Pre-K contractual regions that are geographically diverse. The local NC Pre-K administrator shall contract with the provider for operation of a classroom established pursuant to the pilot program. The Division shall provide a report on the status of the pilot program to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than January 31, 2014. The report shall include the following:

- (1) The number of students served.
- (2) The amount of funds paid for each classroom.
- (3) The amount of funds paid per student.
- (4) The attendance information on students in the pilot program as compared to those students in a classroom having a traditional funding structure.
- (5) Information on the number of students and students' families using the Subsidized Early Education for Kids (SEEK) system.
- (6) A cost comparison of the classroom pilots to the average cost per student through the per student funding methodology.

SECTION 12B.1.(g) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

- (1) The number of children participating in the NC Pre-K program by county.
- (2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
- (3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.
- (4) The results of an annual evaluation of the NC Pre-K program.

SECTION 12B.1.(h) Child Care Commission. – G.S. 143B-168.4(b) reads as rewritten:

"(b) Members shall be appointed as follows:

(1) Of the Governor's initial appointees, four shall be appointed for terms expiring June 30, ~~1986, 2015~~, and three shall be appointed for terms expiring June 30, ~~1987, 2016~~;

(2) Of the General Assembly's initial appointees appointed upon recommendation of the President of the Senate, two shall be appointed for terms expiring June 30, ~~1986, 2015~~, and two shall be appointed for terms expiring June 30, ~~1987, 2016~~;

(3) Of the General Assembly's initial appointees appointed upon recommendation of the Speaker of the House of Representatives, two shall be appointed for terms expiring June 30, ~~1986, 2015~~, and two shall be appointed for terms expiring June 30, ~~1987, 2016~~.

Appointments by the General Assembly shall be made in accordance with G.S. 120-121. After the initial appointees' terms have expired, all members shall be appointed to serve two-year terms. Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term."

SECTION 12B.1.(i) The terms of all members currently serving on the Child Care Commission shall expire on the effective date of this act. A new Commission of 17 members shall be appointed in the manner provided by G.S. 143B-168.4(a) and (b), as amended in subsection (h) of this section. Members appointed pursuant to subsection (h) of this section shall be appointed no later than October 1, 2013.

STUDY USE OF UNIQUE STUDENT IDENTIFIER/CHILD CARE SUBSIDY

SECTION 12B.8.(a) In coordination with the Department of Public Instruction (DPI), the Department of Health and Human Services, Division of Child Development and Early Education (DCDEE), shall study assigning a unique student identifier to monitor, throughout their education, the performance levels of children receiving child care subsidies. The study shall be designed to provide data on the efficacy of child care facilities participating in the child care subsidy program or the North Carolina Partnership for Children, Inc. The study shall define the requirements for the following:

- (1) Establishing the unique identifier.
- (2) Collecting, maintaining, and analyzing data.
- (3) Recommending a solution that will allow for the cost-effective acquisition and maintenance of data from child care facilities.
- (4) Recommending an interface with DPI applications that monitors and analyzes student performance.
- (5) Estimating the cost for developing an interface and implementing the requirements identified in the study.

SECTION 12B.8.(b) DCDEE shall report the results of the study to the Joint Legislative Committee on Health and Human Services, the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division no later than April 1, 2014.

SUBPART XII-E. DIVISION OF PUBLIC HEALTH

INCREASE PERMIT FEES FOR CERTAIN FOOD AND LODGING ESTABLISHMENTS

SECTION 12E.1.(a) G.S. 130A-247 is amended by adding a new subdivision to read:

"(8) "Temporary food establishment" means an establishment not otherwise exempted from this part pursuant to G.S. 130A-250 that (i) prepares or serves food, (ii) operates for a period of time not to exceed 21 days in one location, and (iii) is affiliated with and endorsed by a transitory fair, carnival, circus, festival, or public exhibition."

SECTION 12E.1.(b) G.S. 130A-248(d) reads as rewritten:

"(d) The Department shall charge each establishment subject to this section, except nutrition programs for the elderly administered by the Division of Aging and Adult Services of the Department of Health and Human Services, establishments that prepare and sell meat food products or poultry products, temporary food establishments, limited food services establishments, and public school cafeterias, a fee of seventy-five one hundred twenty dollars ~~(\$75.00)~~ (\$120.00) for each permit issued. This fee shall be reassessed annually for permits that do not expire. The Commission shall adopt rules to implement this subsection. Fees collected under this subsection shall be used for State and local food, lodging, and

institution sanitation programs and activities. No more than ~~thirty-three and one-third percent (33 1/3%)~~ of ~~the fees~~ fifty dollars (\$50.00) of each fee collected under this subsection may be used to support State health programs and activities."

SECTION 12E.1.(c) G.S. 130A-248(d1) reads as rewritten:

"(d1) The Department shall charge a twenty-five dollar (\$25.00) late payment fee to any establishment subject to this section, except nutrition programs for the elderly administered by the Division of Aging of the Department of Health and Human Services, establishments that prepare and sell meat food products or poultry products, temporary food establishments, limited food services establishments, and public school cafeterias, that fails to pay the fee required by subsection (d) of this section within 45 days after billing by the Department. The Department may, in accordance with G.S. 130A-23, suspend the permit of an establishment that fails to pay the required fee within 60 days after billing by the Department. The Department shall charge a reinstatement fee of one hundred fifty dollars (\$150.00) to any establishment that requests reinstatement of its permit after the permit has been suspended. The Commission shall adopt rules to implement this subsection.

The clear proceeds of civil penalties collected pursuant to this subsection shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

SECTION 12E.1.(d) G.S. 130A-248 is amended by adding a new subsection to read:

"(d2) A local health department shall charge each temporary food establishment and each limited food services establishment a fee of seventy-five dollars (\$75.00) for each permit issued. A local health department shall use all fees collected under this subsection for local food, lodging, and institution sanitation programs and activities."

SECTION 12E.1.(e) Subsections (a) through (d) of this section become effective on August 1, 2013, and apply to food and lodging permits effective or reassessed on or after August 1, 2013.

SECTION 12E.1.(f) Section 31.11A of S.L. 2011-145, as amended by Section 61A of S.L. 2011-391 and Section 10.15 of S.L. 2012-142, is repealed.

FUNDS FOR SCHOOL NURSES

SECTION 12E.3.(a) All funds appropriated in this act for the School Nurse Funding Initiative shall be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. Communities shall maintain their current level of effort and funding for school nurses. These funds shall not be used to fund nurses for State agencies. These funds shall be distributed to local health departments according to a formula that includes all of the following:

- (1) School nurse-to-student ratio.
- (2) Percentage of students eligible for free or reduced meals.
- (3) Percentage of children in poverty.
- (4) Per capita income.
- (5) Eligibility as a low-wealth county.
- (6) Mortality rates for children between one and 19 years of age.
- (7) Percentage of students with chronic illnesses.
- (8) Percentage of county population consisting of minority persons.

SECTION 12E.3.(b) The Division of Public Health shall ensure that school nurses funded with State funds (i) do not assist in any instructional or administrative duties associated with a school's curriculum and (ii) perform all of the following with respect to school health programs:

- (1) Serve as the coordinator of the health services program and provide nursing care.
- (2) Provide health education to students, staff, and parents.
- (3) Identify health and safety concerns in the school environment and promote a nurturing school environment.
- (4) Support healthy food services programs.
- (5) Promote healthy physical education, sports policies, and practices.
- (6) Provide health counseling, assess mental health needs, provide interventions, and refer students to appropriate school staff or community agencies.
- (7) Promote community involvement in assuring a healthy school and serve as school liaison to a health advisory committee.

(8) Provide health education and counseling and promote healthy activities and a healthy environment for school staff.

(9) Be available to assist the county health department during a public health emergency.

SECTION 12E.3.(c) Section 6.9(b) of S.L. 2011-145, as amended by Section 6.2 of S.L. 2012-142, is repealed.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 12J.1.(w) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2013-2014 fiscal year or the 2014-2015 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 12J.1.(x) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

FUTURE FARMERS OF AMERICA PROGRAM FUNDS/REPORTING REQUIREMENTS

SECTION 13.7.(a) Up to forty thousand dollars (\$40,000) of the funds appropriated to the Department of Agriculture and Consumer Services for the 2013-2014 fiscal year and up to one hundred forty thousand dollars (\$140,000) of the funds appropriated to the Department of Agriculture and Consumer Services for the 2014-2015 fiscal year may be used as a grant-in-aid to the North Carolina Agricultural Foundation, Inc., for the Future Farmers of America program for each of these fiscal years.

SECTION 13.7.(b) North Carolina Agricultural Foundation – FFA Foundation (hereinafter "FFA Foundation") shall do the following if the Department of Agriculture and Consumer Services allocates funds to the entity:

- (1) By September 1 of each year, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources.
- (2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

PART XXXIV. DEPARTMENT OF TRANSPORTATION

DRIVER EDUCATION

SECTION 34.20.(a) G.S. 115C-216(g) reads as rewritten:

"(g) Fee for Instruction. – The local boards of education may charge each student participating in a driver education course a fee of up to ~~forty-five dollars (\$45.00)~~ fifty-five dollars (\$55.00) to offset the costs of providing the training and instruction."

SECTION 34.20.(b) The Division of Motor Vehicles and the Department of Public Instruction shall collaborate to revise the driver knowledge test and to create a process for administration of the test and certification of passage by public schools administering driver education programs. The Division and the Department shall report to the Joint Legislative Transportation Oversight Committee, the Joint Legislative Program Evaluation Oversight Committee, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division no later than March 1, 2014, on their progress in meeting the requirements of this subsection.

SECTION 34.20.(c) Subsection (a) of this section is effective when it becomes law and applies to driver education courses beginning on or after that date.

PART XXXV. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 35.1.(a) Effective for the 2013-2015 fiscal biennium, the annual salary of the Governor set by G.S. 147-11(a) shall remain unchanged at the amount of one hundred forty-one thousand two hundred sixty-five dollars (\$141,265).

SECTION 35.1.(b) Effective for the 2013-2015 fiscal biennium, the annual salaries for members of the Council of State, payable monthly, shall remain unchanged as follows:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$124,676
Attorney General	124,676
Secretary of State	124,676
State Treasurer	124,676
State Auditor	124,676
Superintendent of Public Instruction	124,676
Agriculture Commissioner	124,676
Insurance Commissioner	124,676
Labor Commissioner	124,676

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 35.2. Effective for the 2013-2015 fiscal biennium, the annual salaries, payable monthly, for the following executive branch officials shall remain unchanged as follows:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$110,868
State Controller	155,159
Commissioner of Banks	124,676
Chair, Board of Review, Division of Employment Security	122,255
Members, Board of Review, Division of Employment Security	120,737
Chairman, Parole Commission	101,235
Members of the Parole Commission	93,464
Chairman, Utilities Commission	138,849
Members of the Utilities Commission	124,676
Executive Director, North Carolina Agricultural Finance Authority	107,915

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 35.6.(a) The annual compensation of all University of North Carolina EPA faculty, EPA nonfaculty, SPA employees, and teachers employed by the North Carolina School of Science and Mathematics shall remain unchanged for the 2013-2015 fiscal biennium.

SECTION 35.6.(b) The annual compensation of all employees of the University of North Carolina Health Care System and the Medical Faculty Practice Plan at East Carolina University shall remain unchanged for the 2013-2015 fiscal biennium.

MOST STATE EMPLOYEES

SECTION 35.7. For the 2013-2015 fiscal biennium, the salaries in effect June 30, 2013, for the following employees shall remain unchanged, effective July 1, 2013:

- (1) Permanent full-time State officials and persons whose salaries are set in accordance with the State Personnel Act.
- (2) Permanent full-time State officials and persons in positions exempt from the State Personnel Act.
- (3) Permanent part-time State employees.
- (4) Temporary and permanent hourly State employees.

SALARY ADJUSTMENTS FOR SPECIAL CIRCUMSTANCES/NO AUTOMATIC INCREASES/AUTHORIZED SALARY ADJUSTMENT FUND ACTIONS NOT PROHIBITED

SECTION 35.8.(a) The annual compensation of all employees subject to or exempt from the State Personnel Act, including employees of local boards of education, community colleges, and The University of North Carolina, for the 2013-2015 fiscal biennium shall remain unchanged from that authorized on June 30, 2013, or the last date in pay status during the 2011-2013 fiscal biennium, if earlier, unless an increase is authorized by this section or under the Salary Adjustment Fund established by this act.

SECTION 35.8.(b) Salary increases may be awarded during the 2013-2015 fiscal biennium under this section only for the following special circumstances:

(1) For all State employees regardless of funding source, and for employees of the North Carolina Community College System and local school boards who are paid from State funds, salaries may be increased for reallocations or promotions, in-range adjustments for job change, career progression adjustments for demonstrated competencies, or any other adjustment related to an increase in job duties or responsibilities, none of which are subject to the salary freeze otherwise provided by this Part. All other salary increases are prohibited.

(1a) For employees of the North Carolina Community College System, notwithstanding subdivision (1) of this subsection, salaries may be increased if the increase is (i) funded from local funding sources or (ii) for the purposes of retention or equity.

(2) For The University of North Carolina, (i) faculty using funds from the Faculty Recruiting and Retention Fund, the Distinguished Professors Endowment Fund, or the University Cancer Research Fund in the case of faculty involved in cancer research supported by that fund; (ii) faculty, nonfaculty, and other employee adjustments, including retention adjustments, funded from non-State funding sources; (iii) faculty, nonfaculty, and other employees for the purposes of retention or equity.

(3) For employees of the judicial branch, for local supplementation as authorized by G.S. 7A-300.1.

The cumulative salary adjustment allowed under this subsection for each fiscal year during the 2013-2015 fiscal biennium may exceed ten percent (10%) of annual salary only if the adjustment is approved in advance by the Office of State Budget and Management, The University of North Carolina Board of Governors, the Board of the North Carolina Community College System, the Legislative Services Commission, the local board of education, or other authorized body as appropriate.

SECTION 35.8.(c) The automatic salary step increases for assistant and deputy clerks of superior court and magistrates are suspended for the 2013-2015 fiscal biennium.

SECTION 35.8.(d) The salary increase provisions of G.S. 20-187.3 are suspended for the 2013-2015 fiscal biennium.

SECTION 35.8.(e) During the 2013-2015 fiscal biennium, notwithstanding G.S. 53C-2-3(c), employees of the Office of the Commissioner of Banks shall not be awarded (i) compensation increases unless allowed under subdivision (1) of subsection (b) of this section or (ii) compensation bonuses.

SECTION 35.8.(f) Employees of the Lottery Commission shall not receive compensation bonuses during the 2013-2015 fiscal biennium.

MONITOR MOST SALARY INCREASES

SECTION 35.9.(a) The Office of State Budget and Management and the Office of State Personnel shall monitor jointly the compliance of the following units of government with the provisions of Section 35.8 of this act and shall submit quarterly reports of their monitoring activities to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division: (i) State agencies, departments, and institutions, including authorities, boards, and commissions; (ii) the judicial branch; and (iii) The University of North Carolina and its constituent institutions.

The quarterly reports required by this section shall include the following information:

(1) For agencies reporting through the BEACON HR/Payroll system, (i) a breakdown by action type (including, but not limited to, promotion, reallocation, career progression, salary adjustment, and any similar actions increasing employee pay) of the number and annual amount of those increases and (ii) a breakdown by action reason (including in-range higher level, acting pay, trainee adjustment, and other similar action reasons) of the number and annual amount of those action types coded as salary adjustment.

(2) For The University of North Carolina and its constituent institutions, a breakdown of the number and annual amount of those increases categorized by the University as promotions, changes in job duties or responsibilities, Distinguished Professorships, retention pay, career progression, and any other similar actions increasing employee pay.

(3) A summary of actions taken by the Office of State Budget and Management and the Office of State Personnel with respect to unauthorized salary increases.

SECTION 35.9.(b) The Legislative Services Officer shall report quarterly to the President Pro Tempore of the Senate and the Speaker of the House of Representatives on compliance with Section 35.8 this act.

ESTABLISH SEVERANCE EXPENDITURE RESERVE

SECTION 35.10.(a) There are established in the Office of State Budget and Management General Fund and Highway Fund reserve budget codes for the purpose of funding severance-related obligations to State employees subject to the State Personnel Act, and employees exempt from the State Personnel Act, who are separated from service due to a reduction-in-force action. Severance-related expenditures from these reserves shall include obligations to fund:

(1) A State employee's severance salary continuation with an age adjustment factor as authorized by G.S. 126-8.5, including employer-related contributions for social security, and

(2) Noncontributory health premiums for up to 12 months as authorized by G.S. 135-48.40(b)(8) for employees of employing units as defined by G.S. 135-48.1(11).

SECTION 35.10.(b) The Director of the Budget shall allocate funds appropriated in Sections 2.1 and 3.1 of this act to the Severance Expenditure Reserve to public agencies to fund severance-related obligations incurred by the agencies as a result of reduction-in-force actions that cause State-supported public employees to be terminated from public employment. Funds appropriated to the Severance Expenditure Reserve shall be expended in their entirety before funds appropriated to a public agency for State-supported personal services expenditures may be used to fund any severance-related obligations.

Funds appropriated to the Severance Expenditure Reserve may be allocated to public agencies for positions that are funded by the General Fund or Highway Fund. Funds appropriated to the Severance Expenditure Reserve may also be allocated to public agencies for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund but only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

For the purposes of this subsection, the term "public employee" means an employee of a State agency, department, or institution; The University of North Carolina; the North Carolina Community College System; or a local school administrative unit.

FLEXIBILITY FOR SALARY DETERMINATIONS FOR CERTAIN LICENSED PROFESSIONAL EMPLOYEES

SECTION 35.10A.(a) State agencies, departments, and institutions shall have salary administration flexibility for licensed physicians, dentists, nurses, physicians assistants, pharmacists, and other allied health professionals and may exercise the flexibility within existing resources. No salary determination made under this section may exceed the maximum of the applicable salary range established by the Office of State Personnel under Chapter 126 of the General Statutes.

SECTION 35.10A.(b) Beginning September 1, 2013, and then quarterly thereafter, the Office of State Personnel shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the salary actions taken under this section.

SALARY ADJUSTMENT FUND

SECTION 35.10B.(a) The Salary Adjustment Fund is established to make funding available for salary increases in the executive, legislative, and judicial branches for specified purposes only as authorized in this section. Funds appropriated to the Salary Adjustment Fund by this act, or any other provision of law, shall only be used to fund agency requests for the following purposes in order to provide competitive salary rates:

- (1) Reallocation of positions to higher level job classifications.
- (2) In-range adjustments for job change.
- (3) Career progression adjustments for demonstrated competencies.
- (4) Salary range revisions.
- (5) Geographic site differential adjustments.
- (6) In-range adjustments for labor market.
- (7) In-range adjustments for equity issues.
- (8) Any other adjustments related to an increase in job duties or responsibilities or labor market changes.

These adjustments must be documented through data collection and analysis according to accepted human resource professional practices and standards. Further, funds may only be used for salary adjustments for the stated purposes that are in compliance with State Personnel Commission policies and other provisions of the Act. For the executive branch, funding shall be approved by the State Personnel Commission or Office of State Personnel and shall not be used for any other purposes.

SECTION 35.10B.(b) Employees subject to the State Personnel Act in The University of North Carolina System are eligible for funding authorized in this section. Employees of local school boards and community colleges are not eligible for funding authorized in this section. Funding shall be approved by the State Personnel Commission or Office of State Personnel and shall not be used for any other purposes.

SECTION 35.10B.(c) The Director of the Budget may transfer to General Fund budget codes from the Salary Adjustment Fund amounts required to support salary adjustments authorized by this section. The Director of the Budget shall consult with the Joint Legislative Commission on Governmental Operations prior to transferring any salary adjustment funds pursuant to this section.

SECTION 35.10B.(d) For employees of the Department of Transportation or whose salaries are funded by the Highway Fund, the sum of up to three million dollars (\$3,000,000) of funds available to the Department of Transportation for the 2013-2015 fiscal biennium may be used for salary increases consistent with this section. Salary increases awarded under this subsection are special circumstances adjustments under Section 35.8 of this act.

SPECIAL ANNUAL LEAVE BONUS

SECTION 35.10C. Any person (i) who was on July 1, 2013, a full-time permanent employee of the State, a community college institution, or a local board of education or was under contract on July 1, 2013, to be employed for the 2013-2014 school year in such a position and (ii) who is eligible to earn annual leave shall have a one-time additional five days of annual leave credited on July 1, 2013. The additional leave shall be accounted for separately from the annual leave bonus provided by Section 28.3A of S.L. 2002-126, by Section 30.12B(a) of S.L. 2003-284, and by Section 29.14A of S.L. 2005-276, and must be used by June 30, 2014. Annual leave bonus not used during FY 2013-2014 shall expire on June 30, 2014, and shall not be paid in a lump sum upon termination of employment unless the person effects a retirement from a State-supported retirement system immediately upon termination of employment. Part-time permanent employees shall receive a pro rata amount of the five days.

TEACHER SALARY SCHEDULES

SECTION 35.11.(a) The following monthly salary schedules shall apply for the 2013-2014 fiscal year to certified personnel of the public schools who are classified as teachers. The schedules contain 37 steps, with each step corresponding to one year of teaching experience. Public school employees paid according to this salary schedule and receiving NBPTS certification or obtaining a masters degree shall not be prohibited from receiving the appropriate increase in salary. Provided, however, teachers employed during the 2012-2013 school year who did not work the required number of months to acquire an additional year of experience shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

2013-2014 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0-2	\$3,080	N/A
3-5	\$3,080	\$3,450
6	\$3,122	\$3,497
7	\$3,167	\$3,547
8	\$3,303	\$3,699
9	\$3,445	\$3,858
10	\$3,580	\$4,010
11	\$3,711	\$4,156
12	\$3,816	\$4,274
13	\$3,865	\$4,329
14	\$3,914	\$4,384
15	\$3,965	\$4,441
16	\$4,015	\$4,497
17	\$4,066	\$4,554
18	\$4,118	\$4,612
19	\$4,171	\$4,672
20	\$4,226	\$4,733
21	\$4,282	\$4,796
22	\$4,337	\$4,857
23	\$4,397	\$4,925
24	\$4,456	\$4,991
25	\$4,515	\$5,057
26	\$4,577	\$5,126
27	\$4,639	\$5,196
28	\$4,706	\$5,271
29	\$4,771	\$5,344
30	\$4,836	\$5,416
31	\$4,903	\$5,491
32	\$4,972	\$5,569
33	\$5,044	\$5,649
34	\$5,116	\$5,730
35	\$5,215	\$5,841
36+	\$5,318	\$5,956

2013-2014 Monthly Salary Schedule
"M" Teachers

Years of Experience	"M" Teachers	NBPTS Certification
0-2	\$3,388	N/A
3-5	\$3,388	\$3,795
6	\$3,434	\$3,846
7	\$3,484	\$3,902
8	\$3,633	\$4,069
9	\$3,790	\$4,245
10	\$3,938	\$4,411
11	\$4,082	\$4,572
12	\$4,198	\$4,702
13	\$4,252	\$4,762
14	\$4,305	\$4,822
15	\$4,362	\$4,885
16	\$4,417	\$4,947
17	\$4,473	\$5,010
18	\$4,530	\$5,074
19	\$4,588	\$5,139

20	\$4,649	\$5,207
21	\$4,710	\$5,275
22	\$4,771	\$5,344
23	\$4,837	\$5,417
24	\$4,902	\$5,490
25	\$4,967	\$5,563
26	\$5,035	\$5,639
27	\$5,103	\$5,715
28	\$5,177	\$5,798
29	\$5,248	\$5,878
30	\$5,320	\$5,958
31	\$5,393	\$6,040
32	\$5,469	\$6,125
33	\$5,548	\$6,214
34	\$5,628	\$6,303
35	\$5,737	\$6,425
36+	\$5,850	\$6,552

SECTION 35.11.(b) Annual longevity payments for teachers shall be at the rate of one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The longevity payment shall be paid in a lump sum once a year.

SECTION 35.11.(c) Certified public schoolteachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public schoolteachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION 35.11.(d) The first step of the salary schedule for school psychologists shall be equivalent to Step 10, corresponding to 10 years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

SECTION 35.11.(e) Speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

SECTION 35.11.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 35.11.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 35.11.(h) Public school employees and State agency employees paid on the teacher salary schedule shall not move up on salary schedules or receive automatic step increases, or other increments during the 2014-2015 fiscal year unless authorized by the General Assembly.

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 35.12.(a) The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2013-2014 fiscal year, commencing July 1, 2013. Provided, however, school-based administrators (i) employed during the 2012-2013 school year who did not work the required number of months to acquire an additional year of experience and (ii) employed during the 2013-2014 school year in the same classification shall not receive a decrease in salary as otherwise would be required by the salary schedule below.

2013-2014 Principal and Assistant Principal Salary Schedules					
Classification					
Years of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-9	\$3,828	-	-	-	-
10	\$3,977	-	-	-	-
11	\$4,123	-	-	-	-
12	\$4,240	-	-	-	-
13	\$4,295	\$4,295	-	-	-
14	\$4,348	\$4,348	-	-	-
15	\$4,406	\$4,406	\$4,461	-	-
16	\$4,461	\$4,461	\$4,518	-	-
17	\$4,518	\$4,518	\$4,575	\$4,634	-
18	\$4,575	\$4,575	\$4,634	\$4,695	\$4,757
19	\$4,634	\$4,634	\$4,695	\$4,757	\$4,819
20	\$4,695	\$4,695	\$4,757	\$4,819	\$4,885
21	\$4,757	\$4,757	\$4,819	\$4,885	\$4,951
22	\$4,819	\$4,819	\$4,885	\$4,951	\$5,017
23	\$4,885	\$4,885	\$4,951	\$5,017	\$5,085
24	\$4,951	\$4,951	\$5,017	\$5,085	\$5,154
25	\$5,017	\$5,017	\$5,085	\$5,154	\$5,229
26	\$5,085	\$5,085	\$5,154	\$5,229	\$5,300
27	\$5,154	\$5,154	\$5,229	\$5,300	\$5,373
28	\$5,229	\$5,229	\$5,300	\$5,373	\$5,447
29	\$5,300	\$5,300	\$5,373	\$5,447	\$5,524
30	\$5,373	\$5,373	\$5,447	\$5,524	\$5,603
31	\$5,447	\$5,447	\$5,524	\$5,603	\$5,684
32	\$5,524	\$5,524	\$5,603	\$5,684	\$5,794
33	\$5,603	\$5,603	\$5,684	\$5,794	\$5,909
34	\$5,684	\$5,684	\$5,794	\$5,909	\$6,027
35	\$5,794	\$5,794	\$5,909	\$6,027	\$6,148
36	\$5,909	\$5,909	\$6,027	\$6,148	\$6,271
37	-	\$6,027	\$6,148	\$6,271	\$6,396
38	-	-	\$6,271	\$6,396	\$6,524
39	-	-	\$6,396	\$6,524	\$6,654
40	-	-	-	\$6,654	\$6,787
41	-	-	-	\$6,787	\$6,923
42	-	-	-	-	\$7,061

2013-2014 Principal and Assistant Principal Salary Schedules

Years of Exp	Classification			
	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
0-19	\$4,885	-	-	-
20	\$4,951	-	-	-
21	\$5,017	\$5,085	-	-
22	\$5,085	\$5,154	\$5,300	-
23	\$5,154	\$5,229	\$5,373	\$5,447
24	\$5,229	\$5,300	\$5,447	\$5,524
25	\$5,300	\$5,373	\$5,524	\$5,603
26	\$5,373	\$5,447	\$5,603	\$5,684
27	\$5,447	\$5,524	\$5,684	\$5,794
28	\$5,524	\$5,603	\$5,794	\$5,909
29	\$5,603	\$5,684	\$5,909	\$6,027
30	\$5,684	\$5,794	\$6,027	\$6,148
31	\$5,794	\$5,909	\$6,148	\$6,271
32	\$5,909	\$6,027	\$6,271	\$6,396
33	\$6,027	\$6,148	\$6,396	\$6,524
34	\$6,148	\$6,271	\$6,524	\$6,654
35	\$6,271	\$6,396	\$6,654	\$6,787
36	\$6,396	\$6,524	\$6,787	\$6,923
37	\$6,524	\$6,654	\$6,923	\$7,061
38	\$6,654	\$6,787	\$7,061	\$7,202
39	\$6,787	\$6,923	\$7,202	\$7,346
40	\$6,923	\$7,061	\$7,346	\$7,493
41	\$7,061	\$7,202	\$7,493	\$7,643
42	\$7,202	\$7,346	\$7,643	\$7,796
43	\$7,346	\$7,493	\$7,796	\$7,952
44	-	\$7,643	\$7,952	\$8,111
45	-	\$7,796	\$8,111	\$8,273
46+	-	-	\$8,273	\$8,438

SECTION 35.12.(b) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 35.12.(c) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step

for every three years of experience as a principal. Provided, however, a principal who acquires an additional step for the 2013-2014 or 2014-2015 fiscal years shall not receive a corresponding increase in salary during the 2013-2015 fiscal biennium. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 35.12.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 35.12.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 35.12.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subsection applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

SECTION 35.12.(g) Participants in an approved full-time masters in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. The stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time masters in-school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 35.12.(h) During the 2013-2015 fiscal biennium, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

SECTION 35.12.(i) Public school employees and State agency employees paid on the school based administrator salary schedule shall not move up on salary schedules or receive automatic step increases, or other increments during the 2014-2015 fiscal year unless authorized by the General Assembly.

CENTRAL OFFICE SALARIES

SECTION 35.13.(a) The monthly salary ranges that follow, which apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, shall remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013.

School Administrator I	\$3,349	\$6,281
School Administrator II	\$3,550	\$6,662
School Administrator III	\$3,769	\$7,068
School Administrator IV	\$3,920	\$7,349
School Administrator V	\$4,078	\$7,647
School Administrator VI	\$4,326	\$8,109
School Administrator VII	\$4,500	\$8,436

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 35.13.(b) The monthly salary ranges that follow, which apply to public school superintendents, shall remain unchanged for the 2013-2015 fiscal biennium, beginning July 1, 2013.

Superintendent I	\$4,777	\$8,949
Superintendent II	\$5,071	\$9,490
Superintendent III	\$5,380	\$10,067
Superintendent IV	\$5,710	\$10,679
Superintendent V	\$6,060	\$11,330

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 35.13.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

SECTION 35.13.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

SECTION 35.13.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 35.13.(f) The salaries of all permanent, full-time personnel paid from the Central Office Allotment shall remain unchanged for the 2013-2015 fiscal biennium.

NONCERTIFIED PERSONNEL SALARIES

SECTION 35.14. The annual salary for permanent, full-time and part-time noncertified public school employees whose salaries are supported from the State's General Fund shall be remain unchanged for the 2013-2015 fiscal biennium.

SALARY-RELATED CONTRIBUTIONS

SECTION 35.15.(a) Effective for the 2013-2015 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

Notwithstanding any other provision of law, an employing unit, as defined in G.S. 135-48.1, that hires or has hired as an employee a retiree that is in receipt of monthly retirement benefits from any retirement system supported in whole or in part by contributions of the State shall enroll the retiree in the active group and pay the cost for the hospital medical benefits if that retiree is employed in a position that would require the employer to pay hospital medical benefits if the individual had not been retired.

SECTION 35.15.(b) Effective July 1, 2013, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2013-2015 fiscal biennium are (i) fourteen and sixty-nine hundredths percent (14.69%) – Teachers and State Employees; (ii) nineteen and sixty-nine hundredths percent (19.69%) – State Law Enforcement Officers; (iii) twelve and sixty-eight hundredths percent (12.68%) – University Employees' Optional Retirement Program; (iv) twelve and

sixty-eight hundredths percent (12.68%) – Community College Optional Retirement Program; (v) thirty-three and forty-one hundredths percent (33.41%) – Consolidated Judicial Retirement System; and (vi) five and forty hundredths percent (5.40%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and forty hundredths percent (5.40%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-four hundredths percent (0.44%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 35.15.(c) Effective July 1, 2013, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2013-2014 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare eligible employees and retirees – four thousand one hundred seven dollars (\$4,107) and (ii) non-Medicare eligible employees and retirees – five thousand two hundred eighty-five dollars (\$5,285).

SECTION 35.15.(d) Effective July 1, 2014, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2014-2015 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare eligible employees and retirees – four thousand two hundred twenty-four dollars (\$4,224) and (ii) non-Medicare eligible employees and retirees – five thousand four hundred thirty-five dollars (\$5,435).

STATE HEALTH PLAN BOARD TO CONTROL GROWTH OF EMPLOYER PREMIUM

SECTION 35.18. The Board of Trustees of the State Health Plan for Teachers and State Employees shall adopt new plan changes, beyond those already approved as of June 1, 2013, that are expected to reduce the average annual percentage increase in employer premiums needed over the next four years by at least one. The plan changes may include one or more of the following: changes to out-of-pocket requirements, changes to employee or retiree premiums, new plan options, changes in the services and products covered, changes to the provider network structure, changes to provider rates or payment methodology, incentives to Plan members to adopt or maintain healthy behaviors, incentives to Plan members to control utilization, any type of integrated health management program, fraud detection, utilization management, or changes in plan administration.

PART XXXVI. CAPITAL APPROPRIATIONS

REPAIR, MAINTENANCE, AND SELF-CONSTRUCTION TO STATE PROPERTY

SECTION 36.15. Notwithstanding any other provision of the law, an employee of a State agency or institution may perform work involving the installation, construction, maintenance, or repair of any buildings, wiring, piping, devices, appliances, or equipment located in or constituting improvements located on State-owned land without the requirement of licensure under Chapter 87 of the General Statutes if (i) the work performed is valued at less than one hundred thousand dollars (\$100,000), (ii) all work is performed as force-account work otherwise authorized by law up to the value authorized, and (iii) the work is performed by an employee who is employed by the State agency or institution. The Office of State Construction may regulate work performed pursuant to this section to ensure compliance with building and safety codes. Nothing in this section shall be construed to allow an employee of a State agency or institution to engage in any activities described in this section privately or outside the employee's scope of employment without meeting all licensure requirements otherwise required by law.

PART XXXVIII. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 38.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

MOST TEXT APPLIES ONLY TO THE 2013-2015 FISCAL BIENNIUM

SECTION 38.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2013-2015 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2013-2015 fiscal biennium.

EFFECT OF HEADINGS

SECTION 38.3. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act except for effective dates referring to a part.

COMMITTEE REPORT

SECTION 38.4.(a) The Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets for Senate Bill 402, dated July 21, 2013, which was distributed in the Senate and the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 38.4.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2013-2015 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended continuation budget to the General Assembly on March 15 and 18, 2013, in the document "State of North Carolina Recommended Continuation Budget and Fund Purpose Statements, 2013-2015" and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to these documents made by the General Assembly are set out in the Committee Report.

SECTION 38.4.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Report by fiscal research division on changes to the budget/publication

SECTION 38.4A.(a) The Fiscal Research Division of the Legislative Services Commission shall issue a report on budget actions taken by the 2013 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report adopted for Senate Bill 402 pursuant to G.S. 143C-5-5 and shall include all modifications made to the 2013-2015 biennial budget prior to sine die adjournment of the 2013 Regular Session.

SECTION 38.4A.(b) The Director of the Fiscal Research Division of the Legislative Services Commission shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's Internet Web site for public access.

ADJUSTMENT OF ALLOCATIONS TO GIVE EFFECT TO THIS ACT FROM JULY 1, 2013

SECTION 38.4B.(a) The appropriations and authorizations to allocate and spend funds set out in S.L. 2013-184 expire when this act becomes law. At such time, this act governs appropriations and expenditures.

When this act becomes law, the Director of the Budget shall adjust allocations to give effect to this act from July 1, 2013.

SECTION 38.4B.(b) Sections 4 and 7 of S.L. 2013-184 are repealed.

SEVERABILITY CLAUSE

SECTION 38.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 38.6. Except as otherwise provided, this act becomes effective July 1, 2013.
In the General Assembly read three times and ratified this the 25th day of July, 2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 1:00 p.m. this 26th day of July, 2013

2013 Report on Education Legislation – House Bill Summaries

SESSION LAW 2013-2

HB 4 UI Fund Solvency and Program Changes (Howard, Warren, Starnes, Setzer)

Amends: G.S. 96-5(c) thru (g), -8, -9, -11, -12, -12.1, -13, -14, -10, -12.01, -24, -4, -16, -18; Articles 1, 2, 2B, 2D, and 9 of Chapter 96 of the General Statutes; G.S. 58-89A-120; G.S. 97-29(i)

Application/Effective date: Effective July 1, 2013. Applies to claims for benefits filed on or after July 1, 2013, except for changes to contribution rates, which apply January 1, 2014.

Local action required: LEAs will continue to submit NCUI 101, Employer's Quarterly Tax and Wage Report, to Department of Employment Security (form found under www.ncesc.com). The new 1% tax will be associated with the submission of this form on a quarterly basis for the first year 2013-14.

SBE/DPI action required: DPI is currently studying how to handle any available state payments of unemployment insurance benefits.

Summary: This law is a wholesale re-write of Chapter 96, Employment Security Law. It redefines “misconduct” for purposes of disqualification from benefits. Former G.S. 96-13 “Reasonable Assurance” is now under new subsection, 96-14.1(e). Additionally, the new reference for substitutes is 96-15.01(d). Reimbursable governmental employers no longer have the option to request non-charging at 120%. Existing 120% reimbursable accounts will be replaced and LEAs will receive a new account number. While there are many changes to the statute, the above noted are important and LEAs should be aware of changes in statute as they apply to unemployment benefits. Please contact Eileen Townsend at 919-807-3522 or email eileen.townsend@dpi.nc.gov with any questions.

RESOLUTION 2013-8

HJR 21 Joint Session/SBE Confirmation (T. Moore)

Amends: None.

Application/Effective date: Effective when it was ratified, April 3, 2013.

Local action required: None.

SBE/DPI action required: None.

Summary: This Joint Resolution confirmed the Governor’s appointments to the State Board of Education (SBE), as follows:

- Gregory M. Alcorn, 7th District – Alexander, Alleghany, Ashe, Avery, Burke, Caldwell, Catawba, Davie, Iredell, Rowan, Surry, Watauga, Wilkes, and Yadkin counties (term expires March 31, 2019).
- William W. Cobey, Jr., Member at Large (term expires March 31, 2019).
- Rebecca H. Taylor, 1st District – Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Hertford, Hyde, Martin, Pasquotank, Perquimans, Pitt, Tyrell, and Washington counties (term expires March 31, 2019).
- A.L. Collins, 5th District – Alamance, Caswell, Chatham, Davidson, Forsyth, Guilford, Orange, Person, Randolph, Rockingham, Stokes counties (term expires March 31, 2021).
- Olivia Oxendine, 4th District – Bladen, Columbus, Cumberland, Harnett, Hoke, Lee, Montgomery, Moore, Richmond, Robeson, Scotland counties (term expires March 31, 2021).
- Marcella Ramirez Savage, Member at Large (term expires March 31, 2021).

SESSION LAW 2013-11

HB 23 Digital Learning Competencies/School Employees (Horn, Saine, Johnson, Tolson)

Amends: G.S. 115C-296, -284

Application/Effective date: New licensure and teacher education requirements effective July 1, 2017, and apply beginning in the 2017-18 school year. Otherwise, effective when it became law, March 15, 2013.

Local action required: Training of teachers and administrators prior to the 2017-18 school year. LEAs will also help develop new digital teaching and learning requirements for licensure renewal.

SBE/DPI action required: SBE will develop digital teacher and learning competencies to be used by teachers, administrators, and other school personnel.

Summary: Requires integration of digital teaching and learning into requirements for teacher license renewal, lateral entry teachers, and continuing education for school administrators. Prospective student teachers and school administrators must demonstrate competencies in using digital instructional technologies. Also, students in administrator programs will be required to demonstrate competencies in supporting teachers and school personnel to use digital instructional technologies.

SESSION LAW 2013-12

HB 44 Transition to Digital Learning in Schools (Horn, Saine, Johnson, Tolson)

Amends: None.

Application/Effective date: Effective when it became law, March 15, 2013, with the transition to funding for digital materials to be effective for all learners by 2017.

Local action required: LEAs should explore the competitive environment for innovative virtual/digital learning and implement these resources that align with the curriculum.

SBE/DPI action required: None stated.

Summary: This legislation states the intent of the General Assembly to transition from funding textbooks to funding digital materials, including textbooks and other instructional resources, by 2017.

SESSION LAW 2013-234

HB 56 Amend State Contract Laws (Howard)

Amends: G.S. 114-8.3; G.S. 143-49, -52.1, -52(a), -59(b); repeals G.S. 143-318.18(10); amends Article 3 of Chapter 143 of the General Statutes, G.S. 147-33.101, G.S. 116-13(a), G.S. 120-36.6

Application/Effective date: Provisions regarding required notice of certain State agency contracts and new Contract Management Section become effective October 1, 2013. Remaining provisions became effective July 3, 2013.

Local action required: None.

SBE/DPI action required: Continue to request review and approval by the NC Department of Administration (DOA), Purchase & Contracts Division for certain goods and services contracts.

Summary: Creates Contract Management Section in DOA Purchase & Contract Division. Requires the review of State contracts in excess of \$5 million by the NC Attorney General's office. Requires all State agencies and institutions of the University of North Carolina system to notify DOA of intent to enter into contracts exceeding \$1 million. Eliminates the Board of Award and ISO 9001 mandate.

SESSION LAW 2013-235

HB 57 Child Nutrition Program Solvency and Support (Howard)

Amends: G.S. 115C-450

Application/Effective date: Effective July 1, 2013.

Local action required: Prohibits LEAs from assessing indirect costs unless requirements below are met.

SBE/DPI action required: None.

Summary: Prohibits LEAs from assessing indirect costs to a child nutrition program unless such program has a minimum of one month's operating balance as reflected over a three-year rolling balance. Requires the NC Procurement Alliance to promote the best pricing for program foods and supplies.

SESSION LAW 2013-410

HB 92 General Statutes Commission Technical Corrections 2013 (Blust)

Amends: Various State statutes, including G.S. 115C-366(a3)

Application/Effective date: Effective August 23, 2013, unless provided otherwise.

Local action required: Comply with new provisions of revised 115C-366(a3) regarding eligible children of military families exempt from tuition.

SBE/DPI action required: None.

Summary: This law makes technical corrections to State statutes and Session Law. With regard to education laws: (1) it revises 115C-366(a3) to expand the definition of eligible military children who are exempt from tuition, in order to conform with the 2008 Interstate Compact on Educational Opportunity for Military Children (S.L. 2008-185); (2) it revises HB 669 to appoint Alan Hawkes and Paul Norcross from Guilford County to the NC Charter School Advisory Board for terms expiring June 30, 2017; (3) it changes the new election law involving the Pitt County Board of Education (S.L. 2013-318/HB 523); and (4) it expands the eligibility for special education scholarship grants (S.L. 2013-364/HB 269) in the spring of 2014 for children who are eligible for kindergarten or 1st grade in the 2013-14 school year.

SESSION LAW 2013-267

HB 110 Public Contracts/Project Labor (Goodman, J. Bell, Moffitt, Murry)

Amends: Article 8 of Chapter 143 of the General Statutes by adding new statute, G.S. 143-133.5

Application/Effective date: Effective October 1, 2013. Applies to all applicable contracts awarded on or after such date.

Local action required: Adhere to new requirements for construction contracts, where applicable.

SBE/DPI action required: Adhere to new requirements for construction contracts, where applicable.

Summary: With governmental construction contracts, disallows any requirement or prohibition of adhering to an agreement with one or more labor organizations and prohibits discrimination involving the same circumstances. Creates an exemption from certain requirements of this new law where the exemption is necessary to avert a significant, documentable threat to public health or safety.

SESSION LAW 2013-363

HB 112 Modifications/2013 Appropriations Act (Budget “Technical Corrections” Bill)

Amends: S.L. 2013-360 (SB 402); S.L. 2013-364 (HB 269); G.S. 115C-301, -47(10), -276(k), -238.70, -83.11(b)(7), -64.10(a), -174.18

Application/Effective date: July 1, 2013, unless otherwise provided.

Local action required: Follow new class size requirements as set forth below. Follow new expanded timeline for kindergarten entry assessment. Allow eligible students to take either the PSAT or the PLAN precursor test as set forth below. Ensure that all public classrooms participating in the NC Pre-K program are licensed by July 1, 2014.

SBE/DPI action required: See new requirements in the below Summary.

Summary: Enacts various technical corrections to the budget bill, HB 269 (Children with Disabilities Scholarship Grants), and G.S. 115C, among others. Sets forth appropriations, funding requirements, and new spring 2014 eligibility for kindergarteners and 1st graders for the special education scholarship grants in S.L. 2013-364 (HB 269). Revises G.S. 115C-301 to set maximum class sizes in kindergarten through 3rd grade, but otherwise creates flexibility for class sizes in grades 4-12, and changes SBE reporting and waiver requirements. Makes a technical change to the A-F School Performance Grades achievement score calculation. Changes the developmental screening and kindergarten entry assessment under G.S. 115C-83.5 to have at least 50% of LEAs administering it in the 2014-15 school year, and

100% of LEAs administering it in the 2015-16 school year. Continues the small school and low-wealth supplement non-supplanting calculation as based on local current expense appropriations. Allows eligible students to take either the ACT or the PLAN precursor test to the ACT under G.S. 115C-174.18. Allows a temporary exemption from licensure for NC Pre-K public school classrooms, but requires that all such classrooms be licensed by July 1, 2014.

SESSION LAW 2013-96

HB 125 Public Agency Computer Code Not Public Record (Conrad, Hanes, Lambeth)

Amends: G.S. 132-1.1

Application/Effective date: When it became law, June 12, 2013.

Local action required: None.

SBE/DPI action required: None.

Summary: Protects propriety computer code written by a state agency (and for use by state agency or its subdivisions) from being disclosed as public record.

SESSION LAW 2013-71

HB 146 Back to Basics (Hurley, Warren, Shepard)

Amends: G.S. 115C-81

Application/Effective date: Effective when it became law, June 12, 2013.

Local action required: Institute cursive writing and memorization of multiplication tables as part of their curriculum under the North Carolina Standard Course of Study.

SBE/DPI action required: Implement the standards for cursive writing and memorization of multiplication tables as part of the state's Standard Course of Study (SBE voted on August 8, 2013 to emphasize that memorization of multiplication facts is in the current standards and to re-adopt the cursive writing standards).

Summary: Requires public schools to teach cursive writing (with legibility by the end of 5th grade) and memorization of multiplication tables as part of the state's Standard Course of Study.

SESSION LAW 2013-52

HB 149 Caylee's Law/Report Missing Children (Hastings, J. Bell, Jordan, Schaffer)

Amends: G.S. 14-318.4 and .5, -401.22, -225; G.S. 110-102.1(a); G.S. 7B-301

Application/Effective date: Effective December 1, 2013.

Local action required: Report the disappearance of a child and other related events as required by this new law.

SBE/DPI action required: None.

Summary: Enacts a Class I felony for a parent or any other person providing care or supervision to a child less than 16 years of age to knowingly or wantonly fail to report the disappearance of a child to law enforcement. Imposes a Class 1 misdemeanor for any person who reasonably suspects the disappearance of and potential danger to a child who fails to report those suspicions to law enforcement within a reasonable amount of time. Teachers are not obligated to report student absences to law enforcement if they have been properly reported to administration. The failure of a parent or care provider to report the disappearance of a child to law enforcement will be considered a grossly negligent omission, punishable by a Class E or H felony if serious injury to the child occurs. Imposes a Class H felony for any person failing to notify law enforcement of the death of a child or who secretly buries or disposes of such a body. Imposes a Class H felony for providing false, deliberately misleading, or unfounded reports to law enforcement regarding the disappearance of a child. Imposes a Class 1

misdemeanor for any person or institution who knowingly or wantonly fails to report abuse, neglect, dependency, or death of a juvenile resulting from maltreatment or who prevents another person from filing a report.

SESSION LAW 2013-324

HB 232 State Health Plan/Statutory Changes (Dockham)

Amends: G.S. 135-48.40(b)(1), repeals -48.40(b)(2), amends -48.42(e), -48.43, -48.51; G.S. 147-86.23

Application/Effective date: Depending on the provision in this new law, the effective dates are January 1, 2014, January 1, 2015, or July 23, 2013 (please see exact provision for related effective date).

Local action required: None. Employees with questions are referred to ORBIT (Online Retirement Benefits through Integrated Technology) or the Retirement System Call Center. Managed by the Department of the State Treasurer, ORBIT is the online application for active employees and retirees to manage their retirement accounts and benefits.

SBE/DPI action required: None. Employees with questions are referred to ORBIT or the Retirement System Call Center.

Summary: Technical changes to the State Health Plan statutes to define “full-time” employee consistent with the Internal Revenue Code and clarification of the waiting period for retiring employees and dependents.

SESSION LAW 2013-240

HB 249 Substitute Teacher Deduction/Personal Leave (Holloway, Glazier, Blackwell, Elmore)

Amends: G.S. 115C-302.1(d)

Application/Effective date: Effective when it became law, July 3, 2013, and beginning in the 2013-14 school year.

Local action required: Ensure that teachers are refunded the substitute deduction if no substitute is actually hired.

SBE/DPI action required: None.

Summary: Requires that the substitute teacher deduction (\$50) be refunded to the teacher taking personal leave on a non-teacher workday if no substitute is used.

SESSION LAW 2013-359

HB 250 Charter School Enrollment and Charter Revisions (Hardister, Brandon, Stam, Lambeth)

Amends: G.S. 115C-238-29F(g), -238.29D

Application/Effective date: Effective when it became law, July 26, 2013, and applies beginning in the 2013-14 school year.

Local action required: Charter schools must comply with new enrollment and grade expansion requirements.

SBE/DPI action required: Comply with new exclusions from what is considered a “material revision” to a charter application.

Summary: Allows a charter school to expand by one grade higher per year than currently offered without approval from SBE if the school has operated for at least three years without being identified as having “inadequate performance” under G.S. 115C-238.29G(a1). The legislation also extends priority enrollment in charter schools to: (a) siblings of current and past charter school students residing in the same household, including half siblings, stepsiblings, and children in a foster home; (b) children of the school’s full-time employees; (c) children of the school’s initial members of the board of directors; and

(d) students returning from a study abroad program, a competitive-admission residential program, or from a parental job relocation situation.

SESSION LAW 2013-364

HB 269 Children with Disabilities Scholarship Grants (Jordan, Brandon, Jones, Stam)

Amends: repeals G.S. 105-151.33 and 160.3(b)(11); repeals S.L. 2011-295; adds new Part 1H, “Special Education Scholarship Grants for Children with Disabilities,” to Article 9 of Chapter 115C

Application/Effective date: Grants to be awarded for the spring semester of 2014, with applications available by October 1, 2013.

Local action required: Reevaluate the child every three (3) years to ensure he/she is still eligible as a child with a disability. Provide the State Education Assistance Authority (SEAA) with information about the child upon request of the parents.

SBE/DPI action required: DPI can use up to \$670,500 in FY2013-14 and up to \$1,341,000 in FY2014-15 to have reevaluations of eligible students conducted as required by G.S. 115C-112.3(c).

Summary: Repeals the current tax credit for children with disabilities and creates the Special Education Scholarship Grants program. Provides grants of not more than \$3,000 per semester to eligible special education students for reimbursement of tuition and related services. A child with a disability under the age of 22 meeting the prescribed criteria is eligible. The General Assembly appropriated \$3,670,500 to the SEAA for FY2013-14 and \$4,341,000 for FY2014-15 in recurring funds. At least \$3,000,000 per year must be used to fund grants for eligible students. Unexpended funds will remain available for future grants (see also, HB 112 (summarized above) for technical corrections to this legislation).

SESSION LAW 2013-128

HB 289 State Computer Equipment/Buy Refurbished (Saine, Horn, Cotham)

Amends: None.

Application/Effective date: Effective when it became law, June 19, 2013.

Local action required: If refurbished equipment is purchased, savings must be documented and reported to the State Chief Information Officer (CIO).

SBE/DPI action required: If refurbished equipment is purchased, savings must be documented and reported to the State CIO.

Summary: Provides state and local government entities, including local boards of education, with the option of purchasing refurbished computer equipment from registered vendors. Participating entities must document savings and report quarterly to the CIO. Refurbished equipment must conform to the same standards of configuration and specification as established by the state for new computer purchases.

SESSION LAW 2013-119

HB 317 Improve Education for Children Who Are Deaf (Blackwell, Farmer-Butterfield, Holloway, S. Martin)

Amends: None.

Application/Effective date: Effective when it became law, June 19, 2013.

Local action required: Individualized Education Program (IEP) teams must use the “Communication Plan Worksheet for a Student Who is Deaf or Hard of Hearing” to help in the IEP process. LEAs should inform parents of a child who is deaf or hard of hearing that they are entitled to request that: (1) the IEP team consider placement in one of the residential schools; and (2) a representative from one of these schools be a member of the IEP team.

SBE/DPI action required: SBE will develop assessment procedures and policies for improving the educational outcomes for deaf and hard of hearing students. DPI may request from the Department of Health and Human Services (DHHS) and other state agencies/organizations available information on deaf and hard of hearing children to better track and ensure their literacy achievement.

Summary: Directs SBE to (1) develop assessment procedures to measure the attainment of language skills necessary for literacy; (2) require an IEP team to use the “Communication Plan Worksheet” as referenced above to aid in its decision-making process; (3) ensure availability of highly qualified personnel in the education of children with hearing impairments; and (4) develop and implement strategies to ensure that parents know they can request consideration of a residential placement and that a representative from a NC residential/day program school for the deaf serve as a member of the IEP team. Additionally, databases from other state agencies containing information on hearing impaired children shall be made available to DPI upon request in order to develop a statewide data tracking system for these children.

SESSION LAW 2013-287

HB 357 Retirement Governance Changes Act of 2013 (Moffitt, Howard, W. Brawley, Collins)

Amends: G.S. 135-96, G.S. 161-50.1(b), G.S. 127A-40, G.S. 135-6(b), G.S. 128-28(c); Article 5 of Chapter 135 of the General Statutes by adding new section, G.S. 135-97; G.S. 120-4.9 and .10

Application/Effective date: Effective when it became law, July 18, 2013.

Local action required: None. Employees with questions are referred to ORBIT or the Retirement System Call Center.

SBE/DPI action required: None. Employees with questions are referred to ORBIT or the Retirement System Call Center.

Summary: Changes the governance of the Retirement Systems including changing oversight from the State Treasurer to the Board of Trustees of the Teachers’ and State Employees’ Retirement System, reducing the number of board members, and providing immunity to members of the Supplemental Retirement Board of Trustees.

SESSION LAW 2013-288

HB 358 Retirement Technical Corrections (Moffitt, Blust, Warren, Collins)

Amends: G.S. 143-166.30(d), -166.50(e); G.S. 128.26(a), -21(14), -21(19), -38.5, -26(x); G.S. 135-1(14), -1(20), -53(16), -5.1(b), -105(d), -106(d), -111, -111.1 (new section), -18.11, -75.2; Article 6 of Chapter 135 of the General Statutes; G.S. 120-4.34; G.S. 143-166.2(d)

Application/Effective date: Effective July 1, 2013, except that fraudulent receipt of decedent allowance criminal provisions become effective December 1, 2013 and apply to offenses committed on or after that date.

Local action required: Notify the Human Resources/Benefits expert of these changes. Employees with questions are referred to ORBIT or Retirement System call center.

SBE/DPI action required: Notify the Human Resources/Benefits expert of these changes. Employees with questions are referred to ORBIT or Retirement System Call Center.

Summary: Clarifies that no work is allowed during the first effective month of retirement, clarifies the return to work after military service benefits, and makes intent to defraud regarding the receipt of decedent’s disability income a Class I misdemeanor.

SESSION LAW 2013-405

HB 359 Retirement Administrative Changes Act of 2013 (Moffitt, Blust, Warren, Collins)

Amends: G.S. 135-5(m2), -106(b), -9, -3(8)d, -4(ff); adds new Article 7 of Chapter 135 of the General Statutes; G.S. 128-38.10 (new section), -31, -26(v)

Application/Effective date: Changes to Article 7 become effective January 1, 2014 (the new “Qualified Excess Benefit Arrangement” Article). Changes to garnishment and execution become effective September 1, 2013. Changes to disability provisions in Section 5 of the bill became effective January 1, 2012. The remainder of the bill became effective July 1, 2013.

Local action required: Notify the Human Resources/Benefits expert of these changes. Employees with questions are referred to ORBIT or Retirement System Call Center.

SBE/DPI action required: Notify the Human Resources/Benefits expert of these changes. Employees with questions are referred to ORBIT or Retirement System call center.

Summary: Changes the administration of the Retirement System including allowing transfer of 403(b) funds, clarifying timing of the Social Security offset for long-term disability benefits, establishing a preservation of benefits plan, requiring the use of forms for domestic relations orders, allowing earning creditable service on return from disability, and modifying the cost of settlement agreements related to involuntary terminations.

SESSION LAW 2013-188

HB 390 State IT Governance Changes (Saine)

Amends: repeals G.S. 143-135.9(a)(3); amends G.S. 147-33.72C(e), -33.91(a), -33.92(b), -33.111, -33.112, G.S. 150B-2(8a)

Application/Effective date: Effective when it became law, June 26, 2013.

Local action required: None.

SBE/DPI action required: Revise applicable contract templates for new performance review and accountability and define performance bonds/penalties.

Summary: Provides that the State CIO may require a performance bond or other performance assurance measures for information technology projects, and may utilize cost-savings incentives on IT contracts between a state agency and a private party.

SESSION LAW 2013-292

HB 402 TRICARE Supplement For Flex Accounts (Szoka, Dockham, Ramsey, Floyd)

Amends: G.S. 115C-341.1, G.S. 115D-25.2, G.S. 116-17.2, G.S. 126-95(b)

Application/Effective date: TRICARE supplement plans will be offered no later than January 1, 2015. The bill was effective when it became law, July 18, 2013.

Local action required: Administration of TRICARE supplement benefit

SBE/DPI action required: Communication to LEA HR Directors

Summary: Requires that if a plan of flexible compensation is offered to employees of LEAs, then a TRICARE supplement must also be offered to eligible participants.

SESSION LAW 2013-293

HB 428 NC School Bus Safety Act (Hanes, Lambeth)

“The Hasani N. Wesley Students’ School Bus Safety Act” (named for a student killed by an illegal passing motorist at a school bus stop in 2012).

Amends: G.S. 20-217, -17.4, -54

Application/Effective date: December 1, 2013.

Local action required: LEAs are encouraged to use the proceeds of any fines collected for violations of G.S. 20-217 to purchase automated camera and video recording systems to install on school buses.

SBE/DPI action required: None.

Summary: Establishes criminal penalties and minimum fine of \$500 for passing a stopped school bus. The criminal penalties become more severe and the fine increases to \$1,250 if a student is struck and to \$2,500 if a student is killed. Further consequences, including driver's license revocation, are established for multiple offenses.

SESSION LAW 2013-326

HB 510 Foster Care Children's Bill of Rights (Cotham, Hardister, Avila, Jackson)

Amends: G.S. 131D-10.1

Application/Effective date: When it became law, July 23, 2013.

Local action required: None.

SBE/DPI action required: None.

Summary: Establishes a new list of ideal objectives for those providing foster care, as follows:

1. A safe foster home free of violence, abuse, and danger.
2. Priority consideration for placement with siblings.
3. Prompt communication with the assigned social/case worker.
4. Continued enrollment in the child's current school, if possible.
5. Immediately inform relatives about participation in placement of a removed child.
6. Participation in extracurricular school activities, community events, and religious practices.
7. Communication with biological parents regarding immunizations.
8. Establishing and having access to financial account(s).
9. Obtaining identification and permanent documents (birth certificate, social security card, health records) by the age of 16.
10. If not placed with siblings, ensuring that they can maintain contact.
11. Meaningful participation in a transition plan for those phasing out of foster care.

Nothing in this list creates a private cause of action for any alleged violation.

SESSION LAW 2013-208

HB 587 Alternate ACT/PLAN for Certain Students (Whitmire, Holloway, Blackwell, Glazier)

Amends: G.S. 115C-174.11(c)(4), -174.22

Application/Effective date: Effective when it became law, June 26, 2013.

Local action required: Administer the alternative assessments as provided in new law.

SBE/DPI action required: SBE must: (1) develop an alternate assessment for students not taking the ACT or PLAN; (2) pilot the ACT alternate during the 2013-14 school year; (3) pilot the PLAN alternate during the 2014-15 school year; and (4) include the results from the ACT alternate in accountability reports, including charter and regional schools. SBE must ensure that parents have necessary information regarding participation in the ACT and the PLAN.

Summary: Directs the SBE to develop an alternate to the ACT and PLAN assessments and require one of these alternate assessments for students who: (a) exhibit severe and pervasive delays in all areas of conceptual, linguistic, academic, and adaptive behavioral development, (b) follow the extended content standards of the Standard Course of Study or a course of study that may not lead to admission into a college-level course of study resulting in a college degree, and (c) have a written parental request for an alternate assessment.

SESSION LAW 2013-381

HB 589 VIVA/Election Reform (Warren, Murry, T. Moore, Samuelson)

Amends: repeals G.S. 163-82.1(d) and -82.3(a)(5); amends -82.4(d), -82.23, G.S. 115C-81(g1)(1), -47(59), among others unrelated to K-12 public education

Application/Effective date: Part 12 “Elimination of Preregistration” becomes effective September 1, 2013.

Local action required: Eliminate preregistration at public high schools as set forth below.

SBE/DPI action required: DPI is encouraged to improve outreach to high school students on registering to vote when they are eligible.

Summary: This legislation makes wholesale changes to elections laws. Regarding public schools, the law abolishes the preregistration process and thus the requirement that high schools make application forms available to students eligible for preregistration. It maintains the requirement under G.S. 163-82.23 that high schools make application forms available to those eligible for registration. Additionally, it makes conforming changes to the high school social studies curriculum and LEA powers or duties by deleting the preregistration provisions.

SESSION LAW 2013-80

HB 591 Reporting and Terms for Longitudinal Data Board (Blackwell, Holloway, Johnson, Jordan)

Amends: G.S. 116E-3(a)(10), -3(b), -3(c), -3, -4(c)

Application/Effective date: Effective when it became law, June 12, 2013.

Local action required: None.

SBE/DPI action required: The State Superintendent of Public Instruction or her designee is a member of this Board.

Summary: The North Carolina Longitudinal Data System is a statewide data system containing individual-level student and workforce data to aid in the exchange of information among agencies, generate timely and accurate information to improve education, and guide decision-making. This legislation makes changes to the Board structure and processes, as follows:

1. Requires the CIO to be the chair of the Board.
2. Terms for appointed Board members begin on May 1, 2013, and every four years thereafter.
3. The Board must hold an initial meeting upon appointment of a majority of the appointed members and is required to meet at least quarterly.
4. The Board must report quarterly to the Joint Legislative Education Oversight Committee (JLEOC), the Joint Legislative Committee on Government Operations, and the Joint Legislative Committee on Information Technology beginning September 30, 2013.

SESSION LAW 2013-133

HB 611 Suspension Removed When Eligibility Met (W. Brawley)

Amends: G.S. 20-13.2(c1)

Application/Effective date: Effective December 1, 2013 and applies to reinstatements on or after this date.

Local action required: None.

SBE/DPI action required: None.

Summary: If the Division of Motor Vehicles (DMV) restores a permit or driver’s license that has been revoked due to ineligibility under G.S. 20-11(n)(1), the DMV must also expunge any record of the revocation or suspension from the driving record. However, the DMV will not expunge this information if there was a prior expunction on the driving record for any reason.

SESSION LAW 2013-353

HB 669 2013 Appointments Bill (Committee on Rules, Calendar, and Operations of the House)

Amends: None.

Application/Effective date: Effective when it became law, July 25, 2013.

Local action required: None.

SBE/DPI action required: None.

Summary: This legislation makes numerous appointments based upon the recommendations of the Speaker of the House and the President Pro Tempore of the Senate. It names four (4) appointees to the new Charter School Advisory Board, as follows:

- Cheryl D. Turner of Mecklenburg County (term expires June 30, 2015).
- Eric E. Sanchez of Henderson County (term expires June 30, 2017).
- Alex Quigley of Durham County (term expires June 30, 2017).
- Baker A. Mitchell, Jr., of New Hanover County (term expires June 30, 2015).

Additional appointees added in HB 92 GSC Technical Corrections 2013:

- Alan Hawkes of Guilford County (term expires June 30, 2017).
- Paul Norcross of Guilford County (term expires June 30, 2017).

SESSION LAW 2013-329

HB 700 Omnibus State IT Governance Changes (Saine, Avila, Cleveland)

Amends: G.S. 147-33.72B, -33.72C, -33.72H, -33.77(a)

Application/Effective date: Effective when it became law, July 23, 2013.

Local action required: None.

SBE/DPI action required: Must receive approval from the State CIO for any new IT project and comply with increased oversight as set forth below.

Summary: This legislation mandates that all state agencies' IT projects (previously only those costing \$500,000 or more) require review and approval by the CIO based on prescribed quality assurance requirements. The CIO may also require any state agency developing and implementing an IT project costing \$5 million or more to obtain the services of private counsel or subject matter experts. The requirement may also apply to a program separated into individual projects if the total cost of the program is over \$5 million.

SESSION LAW 2013-333

HB 701 IT Purchasing/Convenience Contracts (Saine, Tolson)

Amends: G.S. 147-33, -33.95

Application/Effective date: Effective when it became law, July 23, 2013.

Local action required: None.

SBE/DPI action required: None, unless there is a need for a cooperative purchasing agreement for IT goods and services.

Summary: This legislation allows state agencies to enter into cooperative purchasing agreements with approval from the State CIO. A "cooperative purchasing agreement" is between a vendor and state agency providing that the parties may collaboratively or collectively purchase IT goods and services to increase economies of scale and reduce costs. Before approving such an agreement, the CIO will evaluate the need, examine terms, consult with an attorney, and find that the agreement was obtained through competitive bidding and is the best value. Following approval, an agency may continue to use the contract without further approval, but report periodically regarding use of the agreement.

SESSION LAW 2013-224

HB 743 UI Laws Administrative Changes

Amends: Chapter 96 of the General Statutes, including many technical corrections to S.L. 2013-2 (HB 4)

Application/Effective date: Effective when it became law, June 27, 2013.

Local action required: None.

SBE/DPI action required: None.

Summary: Relevant changes for K-12 public education: (1) penalties collected on unpaid employer unemployment insurance taxes must be transferred to the Civil Penalty and Forfeiture Fund under G.S. 115C-457.1; and (2) benefits are not payable for services in any capacity for an education institution under a new provision in G.S. 96-14.1(e).

SESSION LAW 2013-141

HB 765 Jury Instructions for School Budget Dispute (Dixon)

Amends: G.S. 115C-431(c)

Application/Effective date: Effective when it became law, June 19, 2013.

Local action required: Review the new law in the event of a local budget dispute.

SBE/DPI action required: None.

Summary: If a budget dispute between a local board of education and a board of commissioners goes to court, the judge or jury will make findings of fact with regard to: (1) the amount of money legally needed from all sources, and (2) the amount of money legally needed from the board of county commissioners to maintain the free public schools system. For the findings, the judge or jury is required to consider: (1) the educational goals and policies of the state and local boards of education, (2) the budgetary request of the local board of education, (3) the financial resources of the county and the local board of education, and (4) the fiscal policies of the board of county commissioners and the local board of education.

SESSION LAW 2013-268

HB 767 Corporal Pruitt Rainey Brass to Class Act (Murry, Whitmire, Szoka, Pierce)

Amends: None.

Application/Effective date: Effective when it became law, July 17, 2013. Applies to military veterans beginning in the 2014-15 school year.

Local action required: None.

SBE/DPI action required: SBE must develop rules for awarding salary credit based on military education and experience and report by February 28, 2014 to the Joint Legislative Education Oversight Committee (JLEOC) on rules drafted to implement this law.

Summary: Directs SBE to establish rules for awarding salary credit to principals, assistant principals, and teachers who are military veterans that have retired or were honorably discharged, as follows:

- One full year of experience credit awarded for each year of full-time relevant nonteaching experience completed (a) while on active military duty, and (b) after earning a bachelor's degree.
- One full year of experience credit awarded for each two years of full-time relevant nonteaching experience completed (a) while on active duty, and (b) before earning a bachelor's degree.
- One full year of experience credit awarded for every two (2) years of full-time instructional or leadership duties while on active military duty, regardless of academic degree held while in instruction or leadership roles.

SBE must also establish criteria within these rules to determine the relevance of nonteaching work experience, which must include the following:

- A clearly defined process to explore, identify, recognize, and quantify career experiences, formal professional military education, and pertinent credentials of military veterans.
- A transparent and timely decision-making process for awarding credit.
- A process for reviewing and accepting military transcripts and corresponding American Council on Education (ACE) recommendations for awarding academic and experiential credit.

SESSION LAW 2013-382

HB 834 Modern State Human Resources Management/RTR (Collins, Burr)

Amends: Chapter 126 of the General Statutes and renaming the “State Personnel Act” to the “NC Human Resources Act.” Also amends Chapter 131E, G.S. 105A, G.S. 58-3-245, adds new section G.S. 90-413.3A

Application/Effective date: Effective August 21, 2013, unless provided otherwise in this legislation.

Local action required: None.

SBE/DPI action required: DPI sent a letter to all DPI employees on August 22, 2013, from the State Human Resources Director explaining pertinent changes. DPI will update HR policies, procedures and forms as needed.

Summary: Among other state personnel law revisions, this legislation changes the name of the Office of State Personnel to the Office of State Human Resources (OSHR), which reports to the Office of the Governor instead of DOA. Provides 12 holidays each calendar year (previously varied between 11 and 12). Sets probationary period at 24 months for all new employees; eligible employees obtain career status after 24 months. Streamlines grievance process; now requires OSHR review of final agency decision and requires Office of Administrative Hearings (OAH) to make decision within 180 days.

SESSION LAW 2013-401

HB 857 Public Contracts/Construction Methods/DB/P3 (Arp, Bryan, Moffitt, Hager)

Amends: G.S. 143-64.31 and .32, -128(a1), -128.1; G.S. 44A-16; G.S. 115C-521; new sections G.S. 143-128.1A, -128.1B, -128.1C

Application/Effective date: Effective September 22, 2013; applies to projects bid and public-private development contracts entered into on or after this date.

Local action required: Follow new requirements for construction contracts.

SBE/DPI action required: Educate LEAs about this option, offer guidelines for the use of these new methods, which are being developed by the State Construction Office, and provide necessary support.

Summary: This legislation addresses three (3) methods of bidding public construction contracts: (1) Design-Build, (2) Design-Build Bridging, and (3) Public-Private Partnerships. In the past, the first two (2) methods have only been allowed when approved in specific cases by the State Building Commission. The third, public-private partnerships, have previously been allowed. This law adds a new subsection (f) to G.S. 115C-521 allowing LEAs to use prototype designs from the clearinghouse of previously approved and constructed projects by the School Planning Section of SBE/DPI, and grants other permissions allowing agreements with the architect of record and the original design professionals.

SESSION LAW 2013-247

HB 868 Residential School Changes (Farmer-Butterfield, Blackwell, Martin, Tolson)

Amends: repeals G.S. 115C-383; new sections: G.S 115C-150.11, -150.12, -150.13, -150.14; G.S. 143B-138.1(b), -146.1(b), -146.2(a), -146.8(f), -146.15, -146.21

Application/Effective date: Effective when it became law, July 3, 2013.

Local action required: None.

SBE/DPI action required: As the new governing agency, SBE must develop rules to establish admission criteria and present a draft of proposed rules to JLEOC on or before January 1, 2014, prior to adoption. DPI now manages these facilities and must study and develop recommendations on educational options, including residential services, for students with visual and hearing impairments. Findings and recommendations will be reported to JLEOC on or before January 1, 2014.

Summary: Makes conforming changes to state statutes based on the previous transfer of three (3) residential schools (Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf) from DHHS to DPI. Establishes SBE as the governing agency of these residential schools and requires SBE to adopt rules for admission criteria to these schools, taking into account certain factors, including: (a) state and federal laws, (b) optimal academic and communicative outcomes for the child, (c) parental input and choice, and (d) recommendations in a child's Individualized Education Program (IEP). Until such rules are adopted and implemented, the current rules governing these schools remain in effect. If necessary, staffing of these schools may be reorganized at the discretion of DPI. However, DHHS will continue to be responsible for utilities, maintenance, and repair of buildings, grounds, and facilities at the Governor Morehead School and responsible for IT support at all three (3) schools, unless DPI agrees to assume these responsibilities through a memorandum of understanding with DHHS.

SESSION LAW 2013-369

HB 937 Amend Various Firearms Laws (Schaffer, Burr, Faircloth, Cleveland)

Amends: G.S. 14-269, -269.2, and other statutes unrelated to K-12 public education

Application/Effective date: Education-related sections become effective October 1, 2013.

Local action required: Comply with new law allowing permitted gun owners to bring secured guns in their vehicles onto educational property pursuant to new law.

SBE/DPI action required: None.

Summary: This legislation makes numerous changes to firearms laws. On public school property, those with a concealed carry permit will be allowed to have a handgun in a closed compartment within a locked vehicle or in a locked container securely affixed to the vehicle. The vehicle may be unlocked to enter or exit provided the firearm remains in the closed compartment at all times and the vehicle is locked immediately following the entrance or exit. Additionally, employees of colleges, universities, and boarding schools who reside on campus in detached, single family dwellings with only immediate family may have a handgun on the premises of their residence.

SESSION LAW 2013-316

HB 998 Tax Simplification and Reduction Act (Lewis, Setzer, Moffitt, Szoka)

Amends: Wholesale changes to Chapter 105 of the General Statutes (“Taxation”)

Application/Effective date: July 23, 2013, unless provided otherwise.

Local action required: None.

SBE/DPI action required: None.

Summary: Replaces the three-tiered personal income tax rates with a flat rate of 5.8% in 2014 and 5.75% in 2015 and thereafter. Eliminates personal exemptions and deductions except deductions for charitable contributions, mortgage interest and property taxes. The corporate tax rate is lowered from its current level of 6.9% to 6% in 2014 and 5% in 2015 with further reductions thereafter if the state meets specific revenue targets. Raises the child tax credit from \$100/child to \$125/child for tax filers earning below \$40,000, among other changes. For K-12 public education, the following changes are noteworthy:

1. Repeals G.S. 105-134.6: eliminating the income tax deduction for educator expenses, among other deductions, effective January 1, 2014.
2. Deletes G.S. 115C-546.1(b) and repeals G.S. 115C-546.2(a): eliminating the 7.25% corporate income set-aside from the General Fund to the Public School Building Capital Fund, effective July 23, 2013 (reduces revenues to public schools by an estimated \$325.6 million over five (5) years).
3. Adds to G.S. 105-164.13: exempting admission charges from sales tax for school-sponsored entertainment activities that are held at an elementary or secondary school, effective January 1, 2014.
4. Due to these tax changes, projected revenue losses to the General Fund are \$87 million in FY2013-14, \$438 million in FY2014-15, and more than \$600 million/year thereafter.

2013 Report on Education Legislation – House Bills

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

SESSION LAW 2013-2 HOUSE BILL 4

AN ACT TO ADDRESS THE UNEMPLOYMENT INSURANCE DEBT AND TO FOCUS NORTH CAROLINA'S UNEMPLOYMENT INSURANCE PROGRAM ON PUTTING CLAIMANTS BACK TO WORK.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 96-5(c), (d), (e), (f), and (g) are repealed.

SECTION 1.(b) Article 1 of Chapter 96 of the General Statutes, as amended by subsection (a) of this section, reads as rewritten:

"Article 1.

~~"Division of Employment Security.~~Definitions and Funds.

"§ 96-1. Title. Title and definitions.

(a) Title. – This Chapter shall be known and may be cited as the "Employment Security Law." ~~Any reference to the Unemployment Compensation Commission shall be deemed a reference to the Department of Commerce, Division of Employment Security (DES), and all powers, duties, funds, records, etc., of the Unemployment Compensation Commission and the Employment Security Commission are transferred to the DES.~~

(b) Definitions. – The following definitions apply in this Chapter:

- (1) Agricultural labor. – Defined in section 3306 of the Code.
- (2) Average weekly insured wage. – The weekly rate obtained by dividing the total wages reported by all insured employers for a calendar year by the average monthly number of individuals in insured employment during that year and then dividing that quotient by 52.
- (3) Base period. – The first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year.
- (4) Benefit. – Compensation payable to an individual with respect to the individual's unemployment.
- (5) Benefit year. – The fifty-two-week period beginning with the first day of a week with respect to which an individual first files a valid claim for benefits and registers for work. If the individual is payroll attached, the benefit year begins on the Sunday preceding the payroll week ending date. If the individual is not payroll attached, the benefit year begins on the Sunday of the calendar week with respect to which the individual filed a valid claim for benefits and registered for work.
- (6) Code. – Defined in G.S. 105-228.90.
- (7) Computation date. – August 1 of each year.
- (8) Department. – The North Carolina Department of Commerce.
- (9) Division. – The Department's Division of Employment Security.
- (10) Employee. – Defined in section 3306 of the Code.
- (11) Employer or employing unit. – Any of the following:
 - a. An employer as defined in section 3306 of the Code.
 - b. A State or local governmental unit required to provide unemployment compensation coverage to its employees under section 3309 of the Code.
 - c. A nonprofit organization required to provide unemployment compensation coverage to its employees under section 3309 of the Code.



- d. An Indian tribe required to provide unemployment compensation coverage to its employees under section 3309 of the Code.
- (12) Employment. – Defined in section 3306 of the Code, with the following additions and exclusions:
 - a. Additions. – The term includes service to a governmental unit, a nonprofit organization, or an Indian tribe as described in 3306(c)(7) and 3306(c)(8) of the Code.
 - b. Exclusions. – The term excludes all of the following:
 - 1. Service performed by an independent contractor.
 - 2. Service performed for a governmental entity or nonprofit organization under 3309(b) and 3309(c) of the Code.
 - 3. Service by one or more of the following individuals if the individual is authorized to exercise independent judgment and control over the performance of the work and is compensated solely by way of commission:
 - A. A real estate broker, as defined in G.S. 93A-2.
 - B. A securities salesman, as defined in G.S. 78A-2.
- (13) Employment security law. – A law enacted by this State or any other state or territory or by the federal government providing for the payment of unemployment insurance benefits.
- (14) Employment service company. – A person that contracts with a client or customer to supply an individual to perform employment services for the client or customer and that both under contract and in fact meets all of the following conditions:
 - a. Negotiates with the client or customer on such matters as time, place, and type of work, working conditions, quality, and price of the employment services.
 - b. Determines the assignment of an individual to the client or customer, even if the individual retains the right to refuse a specific assignment.
 - c. Hires and terminates an individual supplied.
 - d. Sets the rate of pay for the individual supplied.
 - e. Pays the individual supplied.
- (15) Federal Unemployment Tax Act (FUTA). – Chapter 23 of the Code.
- (16) Full-time student. – Defined in section 3306 of the Code.
- (17) Governmental unit. – The term includes all of the following:
 - a. The State, a county, or a municipality, or any department, agency, or other instrumentality of one of these entities.
 - b. The State Board of Education, the Board of Trustees of The University of North Carolina, the board of trustees of other institutions and agencies supported and under the control of the State, a local board of education, or another entity that pays a teacher at a public school or educational institution.
 - c. A special district, an authority, or another entity exercising governmental authority.
 - d. An alcoholic beverage control board, an airport authority, a housing authority, a regional authority, or another governmental authority created pursuant to an act of the General Assembly.
- (18) Immediate family. – An individual's spouse, child, grandchild, parent, and grandparent, whether the relationship is a biological, step-, half-, or in-law relationship.
- (19) Independent contractor. – An individual who contracts to do work for a person and is not subject to that person's control or direction with respect to the manner in which the details of the work are to be performed or what the individual must do as the work progresses.
- (20) Indian tribe. – Defined in section 3306 of the Code.
- (21) Nonprofit organization. – A religious, charitable, educational, or other organization that is exempt from federal income tax and described in section 501(c)(3) of the Code.

- (22) Person. – An individual, a firm, a partnership, an association, a corporation, whether foreign or domestic, a limited liability company, or any other organization or group acting as a unit.
- (23) Secretary. – The Secretary of the Department of Commerce or the Secretary's designee.
- (24) Taxable wages. – The amount determined under G.S. 96-9.3.
- (25) Unemployed. – Defined in G.S. 96-15.01.
- (26) Unemployment Trust Fund. – The federal fund established pursuant to section 904 of the Social Security Act, as amended.
- (27) United States. – Defined in section 3306 of the Code.
- (28) Wages. – Defined in section 3306 of the Code, except that no amount is excluded as provided under subdivision (b)(1) of that section.

...
"§ 96-4.1. Funds used in administering the unemployment compensation laws.

Four funds are established to administer this Chapter. The State Treasurer is responsible for investing all revenue received by the funds as provided in G.S. 147-69.2 and G.S. 147-69.3. Interest and other investment income earned by a fund accrues to it. Payments from a fund may be made only upon the warrant of the Secretary of Commerce.

The four funds are:

- (1) The Employment Security Administration Fund established under G.S. 96-5.
- (2) The Supplemental Employment Security Administration Fund established under G.S. 96-5.1.
- (3) The Unemployment Insurance Fund established under G.S. 96-6.
- (4) The Unemployment Insurance Reserve Fund established under G.S. 96-6.1.

"§ 96-5. Employment Security Administration Fund.

(a) ~~Special Fund. Fund Established.~~ – ~~There is hereby created in the State treasury a special fund to be known as the The Employment Security Administration Fund is created as a special revenue fund. Fund. All moneys which are deposited or paid into this fund shall be continuously available to the Secretary for expenditure in accordance with the provisions of this Chapter, and shall not lapse at any time or be transferred to any other fund. The Employment Security Administration Fund, except as otherwise provided in this Chapter, shall be subject to the provisions of the State Budget Act (Chapter 143C of the General Statutes) and the Personnel Act (G.S. 126-1 et seq.). All moneys in this fund which are received from the federal government or any agency thereof or which are appropriated by this State for the purpose described in G.S. 96-20 shall be expended solely for the purposes and in the amounts found necessary by the Secretary of Labor for the proper and efficient administration of this Chapter. The fund shall consist~~consists of the following:

- (1) ~~all moneys~~Moneys appropriated by this State, ~~all moneys~~State.
- (2) ~~Moneys received from the United States of America, or any agency thereof, including the Secretary of Labor, and all moneys received from any other or another source for such purpose, the administration of this Chapter.~~
- (3) ~~and shall also include any moneys~~Moneys received from any agency of the United States or any other state as compensation for services or facilities supplied to ~~such agency, any amounts~~the agency or state.
- (4) ~~Moneys received pursuant to any surety bond or insurance policy or from other sources for losses sustained by the Employment Security Administration Fund or by reason of damage to equipment or supplies purchased from moneys in such fund, and the fund.~~
- (5) ~~proceeds~~Proceeds realized from the sale or disposition of ~~any such equipment or supplies purchased from moneys in the fund, which may no longer be necessary for the proper administration of this Chapter: Provided, any interest collected on contributions and/or penalties collected pursuant to this Chapter shall be paid into the Special Employment Security Administration Fund created by subsection (c) of this section. All moneys in this fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as is provided by law for other special funds in the State treasury, and shall be maintained in a separate account on the books of the State treasury. The State Treasurer shall be liable on his official bond for the faithful performance of his duties in~~

~~connection with the Employment Security Administration Fund provided for under this Chapter. Such liability on the official bond shall be effective immediately upon the enactment of this provision, and such liability shall exist in addition to any liability upon any separate bond existent on the effective date of this provision, or which may be given in the future. All sums recovered on any surety bond for losses sustained by the Employment Security Administration Fund shall be deposited in said fund.~~

(b) Use of Fund. – Moneys in the Employment Security Administration Fund may be used by the Division only to administer this Chapter. Moneys received in the fund from a source other than an appropriation by the General Assembly are appropriated for the purpose of administering this Chapter. The Secretary is authorized to requisition and receive from the State's account in the Unemployment Trust Fund any moneys standing to the State's credit that are permitted by federal law to be used for administering this Chapter and to expend the moneys for this purpose, without regard to a determination of necessity by a federal agency.

~~Replacement of Funds Lost or Improperly Expended.~~ – If any moneys received from the Secretary of Labor under Title III of the Social Security Act, or any unencumbered balances in the Employment Security Administration Fund or any moneys granted to this State pursuant to the provisions of the Wagner Peyser Act, or any moneys made available by this State or its political subdivisions and matched by such moneys granted to this State pursuant to the provisions of the Wagner Peyser Act, are found by the Secretary of Labor, because of any action or contingency, to have been lost or expended for purposes other than, or in amounts in excess of those found necessary by the Secretary of Labor for the proper administration of this Chapter, it is the policy of this State that such moneys, not available from the Special Employment Security Administration Fund established by subsection (c) of this section, shall be replaced by moneys appropriated for such purpose from the general funds of this State to the Employment Security Administration Fund for expenditure as provided in subsection (a) of this section. Upon receipt of notice of such a finding by the Secretary of Labor, the Division shall promptly pay from the Special Employment Security Administration Fund such sum if available in such fund; if not available, it shall promptly report the amount required for such replacement to the Governor and the Governor shall, at the earliest opportunity, submit to the legislature a request for the appropriation of such amount.

"§ 96-5.1. Supplemental Employment Security Administration Fund.

(a) Fund Established. – The Supplemental Employment Security Administration Fund is created as a special revenue fund. The fund consists of all interest paid under this Chapter by employers on overdue contributions and any appropriations made to the fund by the General Assembly.

(b) Use of Funds. – Moneys in the Supplemental Employment Security Administration Fund may be used by the Division only for one or more of the purposes listed below and may not be used in lieu of federal funds made available to the Division for the administration of this Chapter:

- (1) The payment of costs and charges of administration that the Secretary of Labor determines are not eligible for payment from or were improperly paid from the Employment Security Administration Fund. The Supplemental Employment Security Administration Fund must reimburse the Employment Security Administration Fund for the amount of any improper payment. If the balance in the Supplemental Fund is insufficient, the Secretary must notify the Governor, who must request an appropriation for that purpose.
- (2) The temporary stabilization of federal funds cash flow.
- (3) Security for loans from the Unemployment Trust Fund.
- (4) The refund of an overpayment of interest previously credited to the fund. If an employer takes credit for a previous overpayment of interest when remitting contributions, the amount of credit taken for the overpayment of interest must be reimbursed to the Unemployment Insurance Fund.

"§ 96-6. Unemployment Insurance Fund.

(a) ~~Establishment and Control.~~ Use. – ~~The Unemployment Insurance Fund is established as an enterprise fund. There is hereby established as a special fund, separate and apart from all public moneys or funds of this State, an Unemployment Insurance Fund, which shall be administered by the Division's Employment Insurance Section. The Division must administer the fund exclusively for the purposes of this Chapter. No money in the fund may be~~

used, directly or indirectly, to pay interest on an advance received from the Unemployment Trust Fund.

This fund shall consist of:consists of the following sources of revenue:

- (1) All contributionsContributions collected under this Chapter, together with any interest earned upon any moneys in the fund;Chapter.
- (2) Any propertyProperty or securities acquired through the use of moneys belonging to the fund;fund.
- (3) All Interest and investment earnings of such property or securities; of the fund.
- (4) Any moneysMoneys received from the federal unemployment this State's account in the unemployment trust fundUnemployment Trust Fund in accordance with Title XII of the Social Security Act—Act, as amended;amended.
- (5) All moneysMoneys credited to this State's account in the Unemployment Trust Fund pursuant to section 903 of Title IX of the Social Security Act, as amended, (U.S.C.A. Title 42, sec. 1103 (a));amended.
- (6) All moneysMoneys paid to this State pursuant to section 204 of the Federal-State Extended Unemployment Compensation Act of 1970;1970.
- (7) Reimbursement payments in lieu of contributions.
- (8) Amounts transferred from the Unemployment Insurance Reserve Fund.
All moneys in the fund shall be commingled and undivided.

(b) Accounts and Deposit.Accounts. —The State Treasurer shall be ex officio the treasurer and custodian of the fund who shall disburse such fund in accordance with the directions of the Secretary and in accordance with such regulations as the Division shall prescribe. The State Treasurer shall must maintain within the fund three separate accounts:

- (1) A clearing aeeount;account.
- (2) An unemployment trust fund aeeount, andaccount.
- (3) A benefit account.

(b1) Clearing Account. — AllThe Division must credit moneys payable to the Unemployment Insurance Fund fund, upon receipt thereof by the Division, shall be forwarded immediately to the treasurer who shall immediately deposit them in to the clearing account. Refunds payable pursuant to G.S. 96-10 may be paid from the clearing account upon warrants issued upon the treasurer as provided in G.S. 143B-426.40G under the requisition of the Division. After clearance thereof, all otherThe Controller must moneys in the clearing account shall be immediately deposited deposit amounts in the clearing account with the secretary of the treasury of the United States of America to the credit of the account of this State in the unemployment trust fund, established and maintained pursuant to section 904 of the Social Security Act, as amended, any provision of law in this State relating to the deposit, administration, release, or disbursement of moneys in the possession or custody of this State to the contrary notwithstanding.Unemployment Trust Fund. The benefit account shall consist of all moneys requisitioned from this State's account in the unemployment trust fund. Moneys in the clearing and benefit accounts may be deposited by the treasurer, under the direction of the Secretary, in any bank or public depository in which general funds of the State may be deposited, but no public deposit insurance charge or premium shall be paid out of the fund. The State Treasurer shall be liable on his official bond for the faithful performance of his duties in connection with the unemployment insurance fund provided for under this Chapter. Such liability on the official bond shall be effective immediately upon the enactment of this provision, and such liability shall exist in addition to any liability upon any separate bond existent on the effective date of this provision, or which may be given in the future. All sums recovered on any surety bond for losses sustained by the unemployment insurance fund shall be deposited in said fund.

(b2) Unemployment Trust Fund Account. — The unemployment trust fund account consists of moneys requisitioned from the State's account in the Unemployment Trust Fund to make refunds of overpayments of contributions. To obtain funds needed to make refunds, the Controller must requisition the amount needed from the Unemployment Trust Fund and credit the amount received to this account.

(c) Benefit Account. — The benefit account consists of moneys requisitioned from the State's account in the Unemployment Trust Fund to pay benefits. To obtain funds to pay benefits under this Chapter, the Controller must requisition the amount needed from the State's

account in the Unemployment Trust Fund and credit the amount received to this account. Warrants for the payment of benefits are payable from this account. Amounts in the benefit account that are not needed to pay the benefits for which they were requisitioned may be applied to the payment of benefits for succeeding periods or, in the discretion of the Controller, deposited to the credit of the State's account in the Unemployment Trust Fund. Moneys shall be requisitioned from this State's account in the unemployment trust fund solely for the payment of benefits (including extended benefits) and in accordance with regulations prescribed by the Secretary. The Division shall, from time to time, requisition from the unemployment trust fund such amounts, not exceeding the accounts standing to its account therein, as it deems necessary for the payment of benefits for a reasonable future period. Upon receipt thereof the treasurer shall deposit such moneys in the benefit account and shall pay all warrants drawn thereon as provided in G.S. 143B-426.40G and requisitioned by the Division for the payment of benefits solely from such benefit account. Expenditures of such moneys in the benefit account and refunds from the clearing account shall not be subject to approval of the Budget Bureau or any provisions of law requiring specific appropriations or other formal release by State officers of money in their custody. All warrants issued upon the treasurer for the payment of benefits and refunds shall be issued as provided in G.S. 143B-426.40G as requisitioned by the Secretary, the Assistant Secretary, or a duly authorized agent of the Division for that purpose. Any balance of moneys requisitioned from the unemployment trust fund which remains unclaimed or unpaid in the benefit account after the expiration of the period for which such sums were requisitioned shall either be deducted from estimates for, and may be utilized for the payment of, benefits during succeeding periods, or, in the discretion of the Division, shall be redeposited with the Secretary of the Treasury of the United States of America, to the credit of this State's account in the unemployment trust fund, as provided in subsection (b) of this section.

(d) ~~Management of Funds upon Discontinuance of Unemployment Trust Fund. – The provisions of subsections (a), (b), and (c), to the extent that they relate to the unemployment trust fund, shall be operative only so long as such unemployment trust fund continues to exist, and so long as the Secretary of the Treasury of the United States of America continues to maintain for this State a separate book account of all funds deposited therein by this State for benefit purposes, together with this State's proportionate share of the earnings of such unemployment trust fund, from which no other state is permitted to make withdrawals. If and when such unemployment trust fund ceases to exist, or such separate book account is no longer maintained, all moneys, properties, or securities therein belonging to the Unemployment Insurance Fund of this State shall be transferred to the treasurer of the Unemployment Insurance Fund, who shall hold, invest, transfer, sell, deposit, and release such moneys, properties, or securities in a manner approved by the Secretary of the Department of Commerce, in accordance with the provisions of this Chapter: Provided, that such moneys shall be invested in the following readily marketable classes of securities: Bonds or other interest-bearing obligations of the United States of America or such investments as are now permitted by law for sinking funds of the State of North Carolina; and provided further, that such investment shall at all times be so made that all the assets of the fund shall always be readily convertible into cash when needed for the payment of benefits. The treasurer shall dispose of securities or other properties belonging to the Unemployment Insurance Fund only under the direction of the Secretary of the Department of Commerce. If the Unemployment Trust Fund or the State's account within the federal Fund ceases to exist, the credit balance of the State's account in that Fund must be transferred to the Unemployment Insurance Fund and credited to the benefit account.~~

(e) ~~Benefits shall be deemed to be due and payable under this Chapter only to the extent provided in this Chapter and to the extent that moneys are available therefor to the credit of the Unemployment Insurance Fund, and neither the State nor the Division shall be liable for any amount in excess of such sums.~~

(f) ~~Any interest required to be paid on advances under Title XII of the Social Security Act shall be paid in a timely manner and shall not be paid, directly or indirectly, from amounts in the Unemployment Insurance Fund.~~

"§ 96-6.1. Unemployment Insurance Reserve Fund.

(a) ~~Establishment and Use. – The Unemployment Insurance Reserve Fund is established as a special revenue fund. The Fund consists of the revenues derived from the surtax imposed under G.S. 96-9.7. Moneys in the Fund may be used only for the following~~

- (1) Interest payments required on advances under Title XII of the Social Security Act.
- (2) Principal payments on advances under Title XII of the Social Security Act.
- (3) Transfers to the Unemployment Insurance Fund for payment of benefits.
- (4) Administrative costs for the collection of the surtax.
- (5) Refunds of the surtax.

(b) Fund Capped. – The balance in the Unemployment Insurance Reserve Fund on January 1 of any year may not exceed the greater of fifty million dollars (\$50,000,000) or the amount of interest paid the previous September on advances under Title XII of the Social Security Act. Any amount in the fund that exceeds the cap must be transferred to the Unemployment Insurance Fund.

...."

SECTION 2.(a) The following statutes are repealed: G.S. 96-8, 96-9, 96-11, 96-12, 96-12.1, 96-13, and 96-14.

SECTION 2.(b) Article 2 of Chapter 96 of the General Statutes, as amended by subsection (a) of this section, reads as rewritten:

"Article 2.

"Unemployment Insurance Division. Contributions and Payments by Employers.

...

"§ 96-9.1. Purpose.

The purpose of this Article is to provide revenue to finance the unemployment benefits allowed under this Chapter and to do so in as simple a manner as possible by imposing a State unemployment tax that is similar to the federal unemployment tax imposed under FUTA. All employers that are liable for the federal unemployment tax on wages paid for services performed in this State and all employers that are required by FUTA to be given a state reimbursement option are liable for a State unemployment tax on wages. Revenue from this tax, referred to as a contribution, is credited to the Unemployment Insurance Fund established in G.S. 96-6.

"§ 96-9.2. Required contributions to the Unemployment Insurance Fund.

(a) Required Contribution. – An employer is required to make a contribution in each calendar year to the Unemployment Insurance Fund in an amount equal to the applicable percentage of the taxable wages the employer pays its employees during the year for services performed in this State. An employer may not deduct the contributions due in whole or in part from the remuneration of the individuals employed.

The applicable percentage for an employer is considered the employer's contribution rate and is determined by the employer's base rate and the balance in the Unemployment Insurance Fund as of the computation date. Taxable wages are determined in accordance with G.S. 96-9.3. An employer's base rate is either the standard beginning rate or an experience rating. An employer's experience rating is computed as a reserve ratio in accordance with G.S. 96-9.4. An employer's reserve ratio percentage (ERRP) is the employer's reserve ratio multiplied by sixty-eight hundredths. A positive ERRP produces a lower contribution rate, and a negative ERRP produces a higher contribution rate.

(b) Standard Beginning Rate. – The standard beginning rate applies to an employer until the employer's account has been chargeable with benefits for at least 12 calendar months ending July 31 immediately preceding the computation date. An employer's account has been chargeable with benefits for at least 12 calendar months if the employer has reported wages paid in four completed calendar quarters and these quarters are in two consecutive calendar years.

(c) Contribution Rate. – The contribution rate for an employer is determined in accordance with the table set out below and then rounded to the nearest one-hundredth percent (0.01%), subject to the minimum and maximum contribution rates. The minimum contribution rate is six-hundredths of one percent (0.06%). The maximum contribution rate is five and seventy-six hundredths percent (5.76%). "Total insured wages" are the total wages reported by all insured employers for the 12-month period ending on July 31 preceding the computation date.

<u>Employer's Base Rate</u>	<u>UI Trust Fund Balance as Percentage of Total Insured Wages</u>	<u>Contribution Rate</u>
<u>Standard Beginning Rate</u>	<u>All balances</u>	<u>1%</u>

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<u>Experience Rating</u>	<u>Less than or equal to 1%</u>	<u>2.9% minus ERRP</u>
	<u>Greater than 1% but less</u>	
	<u>than or equal to 1.25%</u>	<u>2.4% minus ERRP</u>
	<u>Greater than 1.25%</u>	<u>1.9% minus ERRP</u>

(d) Notification of Contribution Rate. – The Division must notify an employer of the employer's contribution rate for a calendar year by January 1 of that year. The contribution rate becomes final unless the employer files an application for review and redetermination prior to May 1 following the effective date of the contribution rate. The Division may redetermine the contribution rate on its own motion within the same time period.

(e) Voluntary Contribution. – An employer that is subject to this section may make a voluntary contribution to the Unemployment Insurance Fund in addition to its required contribution. A voluntary contribution is credited to the employer's account. A voluntary contribution made by an employer within 30 days after the date on an annual notice of its contribution rate is considered to have been made as of the previous July 31.

"§ 96-9.3. Determination of taxable wages.

(a) Determination. – The Division must determine the taxable wages for each calendar year. An employer is not liable for contributions on wages paid to an employee in excess of taxable wages. The taxable wages of an employee is an amount equal to the greater of the following:

- (1) The federal taxable wages set in section 3306 of the Code.
- (2) Fifty percent (50%) of the average yearly insured wage, rounded to the nearest multiple of one hundred dollars (\$100.00). The average yearly insured wage is the average weekly wage on the computation date multiplied by 52.

(b) Wages Included. – The following wages are included in determining whether the amount of wages paid to an individual in a single calendar year exceeds taxable wages:

- (1) Wages paid to an individual in this State by an employer that made contributions in another state upon the wages paid to the individual because the work was performed in the other state.
- (2) Wages paid by a successor employer to an individual when all of the following apply:
 - a. The individual was an employee of the predecessor and was taken over as an employee by the successor as a part of the organization acquired.
 - b. The predecessor employer paid contributions on the wages paid to the individual while in the predecessor's employ during the year of acquisition.
 - c. The account of the predecessor is transferred to the successor.

"§ 96-9.4. Determination of employer's reserve ratio.

(a) Account Balance. – The Division must determine the balance of an employer's account on the computation date by subtracting the total amount of all benefits charged to the employer's account for all past periods from the total of all contributions and other amounts credited to the employer for those periods. If the Division finds that an employer failed to file a report or finds that a report filed by an employer is incorrect or insufficient, the Division must determine the employer's account balance based upon the best information available to it and must notify the employer that it will use this balance to determine the employer's reserve ratio unless the employer provides additional information within 15 days of the date of the notice.

(b) Reserve Ratio. – The Division must determine an employer's reserve ratio, which is used to determine the employer's contribution rate. The employer's reserve ratio is the quotient obtained by dividing the employer's account balance on the computation date by the total taxable payroll of the employer for the 36 calendar month period ending June 30 preceding the computation date, expressed as a percentage.

"§ 96-9.5. Performance of services in this State.

A service is performed in this State if it meets one or more of the following descriptions:

- (1) The service is localized in this State. Service is localized in this State if it meets one of the following conditions:
 - a. It is performed entirely within the State.
 - b. It is performed both within and without the State, but the service performed without the State is incidental to the individual's service

within the State. For example, the individual's service without the State is temporary or transitory in nature or consists of isolated transactions.

- (2) The service is not localized in any state but some of the service is performed in this State, and one or more of the following applies:

 - a. The base of operations is in this State.
 - b. There is no base of operations and the place from which the service is directed or controlled is in this State.
 - c. The service is not performed in any state that has a base of operations or a place from which the service is directed or controlled and the individual who performs the service is a resident of this State.
- (3) The service, wherever performed, is within the United States or Canada and both of the following apply:

 - a. The service is not covered under the employment security law of any other state or Canada.
 - b. The place from which the service is directed or controlled is in this State.
- (4) The service is performed outside the United States or Canada by a citizen of the United States in the employ of an American employer and at least one of the following applies. For purposes of this subdivision, the term "American employer" has the same meaning as defined in section 3306 of the Code.

 - a. The employer's principal place of business in the United States is located in this State.
 - b. The employer has no place of business in the United States, but the employer is one of the following:
 - 1. An individual who is a resident of this State.
 - 2. A corporation that is organized under the laws of this State.
 - 3. A partnership or a trust and more of its partners or trustees are residents of this State than of any other state.
 - 4. A limited liability company and more of its members are residents of this State than of any other state.
 - c. The employer has elected coverage in this State in accordance with G.S. 96-9.9.
 - d. The employer has not elected coverage in any state and the employee has filed a claim for benefits under the law of this State based on the service provided to the employer.

"§ 96-9.6. Election to reimburse Unemployment Insurance Fund in lieu of contributions.

(a) Applicability. – This section applies to a governmental entity, a nonprofit organization, and an Indian tribe that is required by section 3309 of the Code to have a reimbursement option. Each of these employers must finance benefits under the contributions method imposed under G.S. 96-9.2 unless the employer elects to finance benefits by making reimbursable payments to the Division for the Unemployment Insurance Fund.

(b) Election. – An employer may make an election under this section by filing a written notice of its election with the Division at least 30 days before the January 1 effective date of the election. An Indian tribe may make separate elections for itself and each subdivision, subsidiary, or business enterprise wholly owned by the tribe. A new employer may make an election under this section by filing a written notice of its election within 30 days after the employer receives notification from the Division that it is eligible to make an election under this section.

An election is valid for a minimum of four years and is binding until the employer files a notice terminating its election. An employer must file a written notice of termination with the Division at least 30 days before the January 1 effective date of the termination. The Division must notify an employer of a determination of the effective date of an election the employer makes and of any termination of the election. These determinations are subject to reconsideration, appeal, and review. An employer that makes the election allowed by this section may not deduct any amount due under this section from the remuneration of the individuals it employs.

(c) Reimbursable Amount. – An employer must reimburse the Unemployment Insurance Fund for the amount of benefits that are paid to an individual for weeks

unemployment that begin within a benefit year established during the effective period of the employer's election and are attributable to service that is covered by section 3309 of the Code and was performed in the employ of the employer. For regular benefits, the reimbursable amount is the amount of regular benefits paid. For extended benefits, the reimbursable amount is the amount not reimbursed by the federal government.

(d) Account. – The Division must establish a separate account for each reimbursing employer. The Division must credit payments made by the employer to the account. The Division must charge to the account benefits that are paid by the Unemployment Insurance Fund to individuals for weeks of unemployment that begin within a benefit year established during the effective period of the election and are attributable to service in the employ of the employer. All benefits paid must be charged to the employer's account except benefits paid through error.

The Division must furnish an employer with a statement of all credits and charges made to its account as of the computation date prior to January 1 of the succeeding year. The Division may, in its sole discretion, provide a reimbursing employer with informational bills or lists of charges on a basis more frequent than yearly if the Division finds it is in the best interest of the Division and the affected employer to do so.

(e) Annual Reconciliation. – A reimbursing employer must maintain an account balance equal to one percent (1%) of its taxable wages. The Division must determine the balance of each employer's account on the computation date. If there is a deficit in the account, the Division must bill the employer for the amount necessary to bring its account to one percent (1%) of its taxable wages for the preceding calendar year. The Division must send a bill as soon as practical. Payment is due within 30 days from the date a bill is mailed. Amounts unpaid by the due date accrue interest and penalties in the same manner as past-due contributions and are subject to the same collection remedies provided under G.S. 96-10 for past-due contributions.

(f) Quarterly Wage Reports. – A reimbursing employer must submit quarterly wage reports to the Division on or before the last day of the month following the close of the calendar quarter in which the wages are paid. During the first four quarters following an election to be a reimbursing employer, the employer must submit an advance payment with its quarterly report. The amount of the advance payment is equal to one percent (1%) of the taxable wages reported on the quarterly wage report. The Division must remit the payments to the Unemployment Insurance Fund and credit the payments to the employer's account.

(g) Change in Election. – The Division must close the account of an employer that has been paying contributions under G.S. 96-9.2 and that elects to change to a reimbursement basis under this section. A closed account may not be used in any future computation of a contribution rate. The Division must close the account of an employer that terminates its election to reimburse the Unemployment Insurance Fund in lieu of making contributions. An employer that terminates its election under this section is subject to the standard beginning rate.

(h) Noncompliance by Indian Tribes. – An Indian tribe that makes an election under this section and then fails to comply with this section is subject to the following consequences:

(1) An employer that fails to pay an amount due within 90 days after receiving a bill and has not paid this liability as of the computation date loses the option to make reimbursable payments in lieu of contributions for the following calendar year. An employer that loses the option to make reimbursable payments in lieu of contributions for a calendar year regains that option for the following calendar year if it pays its outstanding liability and makes all contributions during the year for which the option was lost.

(2) Services performed for an employer that fails to make payments, including interest and penalties, required under this section after all collection activities considered necessary by the Division have been exhausted, are no longer treated as "employment" for the purpose of coverage under this Chapter. An employer that has lost coverage regains coverage under this Chapter for services performed if the Division determines that all contributions, payments in lieu of contributions, penalties, and interest have been paid. The Division must notify the Internal Revenue Service and the United States Department of Labor of any termination or reinstatement of coverage pursuant to this subsection.

(i) Transition. – This subsection provides a transitional adjustment period for an employer that elected to be a reimbursing employer prior to January 1, 2013, and was not

required to submit an advance payment with its first four quarterly reports equal to one percent (1%) of its reported taxable wages. This subsection expires January 1, 2016.

- (1) Governmental entities. – An employer that is a State or local governmental unit must reimburse the Division in the amount required by subsection (c) of this section for benefits paid on its behalf, as determined on the computation date in 2013, but it does not have to reconcile its account balance, as required under subsection (e) of this section, until 2014. If the employer's account balance on the computation date in 2014 does not equal one percent (1%) of its taxable wages reported for the 2013 calendar year, the Division will bill the employer for the deficiency.
- (2) Nonprofit organization. – An employer that is a nonprofit organization may not secure its election to reimburse in lieu of paying contributions by posting a surety bond or a line of credit after July 1, 2013. An employer whose election is secured by a surety bond or line of credit is not required to begin making quarterly advance payments until the quarter following the quarter that its surety bond or line of credit expires and is not required to meet the annual reconciliation requirement until the employer has made at least four quarterly payments.

"§ 96-9.7. Surtax for the Unemployment Insurance Reserve Fund.

(a) Surtax Imposed. – A surtax is imposed on an employer who is required to make a contribution to the Unemployment Insurance Fund equal to twenty percent (20%) of the contribution due under G.S. 96-9.2. Except as provided in this section, the surtax is collected and administered in the same manner as contributions. Surtaxes collected under this section must be credited to the Unemployment Insurance Reserve Fund established under G.S. 96-6. Interest collected on unpaid surtaxes imposed by this section must be credited to the Supplemental Employment Security Administration Fund. Penalties collected on unpaid surtaxes imposed by this section must be credited to the Civil Penalty and Forfeiture Fund established in G.S. 115C-457.1.

(b) Suspension of Tax. – The tax does not apply in a calendar year if, as of the preceding August 1 computation date, the amount in the State's account in the Unemployment Trust Fund equals or exceeds one billion dollars (\$1,000,000,000).

"§ 96-9.8. Voluntary election to pay contributions.

(a) When Allowed. – An employer may elect to be subject to the contribution requirement imposed by G.S. 96-9.2 and thereby provide benefit coverage for its employees as follows:

- (1) An employer that is not otherwise liable for contributions under G.S. 96-9.2 may elect to pay contributions to the same extent as an employer that is liable for those contributions.
- (2) An employer that pays for services that are not otherwise subject to the contribution requirement may elect to pay contributions on those services performed by individuals in its employ in one or more distinct establishments or places of business.
- (3) An employer that employs the services of an individual who resides within this State but performs the services entirely without the State may elect to have the individual's service constitute employment subject to contributions if no contributions are required or paid with respect to the services under an employment security law of any other state or of the federal government.

(b) Election. – To make an election under this section, an employer must file an application with the Division. An election is effective on the date stated by the Division in a letter approving the election. An election is irrevocable for the two-year period beginning on the effective date.

(c) Termination. – The Division may, on its own motion, terminate coverage of an employer who has become subject to this Chapter solely by electing coverage under this section. This termination may occur within the two-year minimum election period. The Division must give the employer 30 days written notice of a decision to terminate an election. The notice must be mailed to the employer's last known address. An employer that elects coverage under this section may, subsequent to the two-year minimum election period, terminate the election by filing a notice of termination with the Division. The notice must be

given prior to the first day of March following the first day of January of the calendar year for which the employer wishes to cease coverage under this section."

SECTION 3.(a) Chapter 96 of the General Statutes is amended by inserting a new Article 2A immediately before G.S. 96-10 to read:

"Article 2A.

Administration and Collection of Contributions."

SECTION 3.(b) Article 2A of Chapter 96 of the General Statutes, as created in subsection (a) of this section, is amended by adding the following new sections to read:

"Article 2A.

"Administration and Collection of Contributions.

"§ 96-9.15. Report and payment.

(a) Report and Payment. – Contributions are payable to the Division when a report is due. A report is due on or before the last day of the month following the close of the calendar quarter in which the wages are paid. The Division must remit the contributions to the Unemployment Insurance Fund. If the amount of the contributions shown to be due after all credits is less than five dollars (\$5.00), no payment need be made.

(b) Overpayment. – If an employer remits an amount in excess of the amount of contributions due, including any applicable penalty and interest, the excess amount remitted is considered an overpayment. The Division must refund an overpayment unless the amount of the overpayment is less than five dollars (\$5.00). Overpayments of less than five dollars (\$5.00) may be refunded only upon receipt of a written demand for the refund from the employer within the time allowed under G.S. 96-10(e).

(c) Method of Payment. – An employer may pay contributions by electronic funds transfer. When an electronic funds transfer cannot be completed due to insufficient funds or the nonexistence of an account of the transferor, the Division may assess a penalty equal to ten percent (10%) of the amount of the transfer, subject to a minimum of one dollar (\$1.00) and a maximum of one thousand dollars (\$1,000). The Division may waive this penalty for good cause shown.

The Division may allow an employer to pay contributions by credit card. An employer that pays by credit card must include an amount equal to any fee charged by the Division for the use of the card. A payment of taxes that is made by credit card and is not honored by the card issuer does not relieve the employer of the obligation to pay the taxes.

An employer that does not pay by electronic funds transfer or by credit card must pay by check or cash. A check must be drawn on a United States bank and cash must be in currency of the United States.

(d) Form of Report. – An employer must complete the tax form prescribed by the Division. An employer or an agent of an employer that reports wages for at least 25 employees must file the portion of the "Employer's Quarterly Tax and Wage Report" that contains the name, social security number, and gross wages of each employee in a format prescribed by the Division. For failure of an employer to comply with this subsection, the Division must assess a penalty of twenty-five dollars (\$25.00). For failure of an agent of an employer to comply with this subsection, the Division may deny the agent the right to report wages and file reports for that employer for a period of one year following the calendar quarter in which the agent filed the improper report. The Division may reduce or waive a penalty for good cause shown.

(e) Jeopardy Assessment. – The Secretary may immediately assess and collect a contribution the Secretary finds is due from an employer if the Secretary determines that collection of the tax is in jeopardy and immediate assessment and collection are necessary in order to protect the interest of the State and the Unemployment Insurance Fund.

(f) Domestic Employer Exception. – The Division may authorize an employer of domestic service employees to file an annual report and to file that report by telephone. An annual report allowed under this subsection is due on or before the last day of the month following the close of the calendar year in which the wages are paid. A domestic service employer that files a report by telephone must contact either the tax auditor assigned to the employer's account or the Employment Insurance Section in Raleigh and report the required information to that auditor or to that section by the date the report is due.

...

"§ 96-10.1. Compromise of liability.

(a) Authority. – The Secretary may compromise an employer's liability under this Article when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

- (1) There is a reasonable doubt as to the amount of the liability of the employer under the law and the facts.
- (2) The employer is insolvent and the Secretary probably could not otherwise collect an amount equal to, or in excess of, the amount offered in compromise. An employer is considered insolvent only in one of the following circumstances:
 - a. It is plain and indisputable that the employer is clearly insolvent and will remain so in the reasonable future.
 - b. The employer has been determined to be insolvent in a judicial proceeding.
- (3) Collection of a greater amount than that offered in compromise is improbable, and the funds or a substantial portion of the funds offered in the settlement come from sources from which the Secretary could not otherwise collect.

(b) Written Statement. – When the Secretary compromises an employer's liability under this section and the amount of the liability is at least one thousand dollars (\$1,000), the Secretary must make a written statement that sets out the amount of the liability, the amount accepted under the compromise, a summary of the facts concerning the liability, and the findings on which the compromise is based. The Secretary must sign the statement and keep a record of the statement."

SECTION 4. Chapter 96 of the General Statutes is amended by inserting a new Article 2B to read:

"Article 2B.

"Administration of Employer Accounts.

"§ 96-11.1. Employer accounts.

The Division must maintain a separate account for each employer. The Division must credit the employer's account with all contributions paid by the employer or on the employer's behalf and must charge the employer's account for benefits as provided in this Chapter. The Division must prepare an annual statement of all charges and credits made to the employer's account during the 12 months preceding the computation date. The Division must send the statement to the employer when the Division notifies the employer of the employer's contribution rate for the succeeding calendar year. The Division may provide a statement of charges and credits more frequently upon a request by the employer.

"§ 96-11.2. Allocation of charges to base period employers.

Benefits paid to an individual are charged to an employer's account when the individual's benefit year has expired. Benefits paid to an individual must be allocated to the account of each base period employer in the proportion that the base period wages paid to the individual in a calendar quarter by each base period employer bears to the total wages paid to the individual in that quarter by all base period employers. The amount allocated to an employer that pays contributions is multiplied by one hundred twenty percent (120%) and charged to that employer's account. The amount allocated to an employer that elects to reimburse the Unemployment Insurance Fund in lieu of paying contributions is the amount of benefits charged to that employer's account.

"§ 96-11.3. Noncharging of benefits.

(a) To Specific Employer. – Benefits paid to an individual under a claim filed for a period occurring after the date of the individual's separation from employment may not be charged to the account of the employer by whom the individual was employed at the time of the separation if the separation is due to one of the reasons listed below and the employer promptly notifies the Division, in accordance with rules adopted by the Division, of the reason:

- (1) The individual left work without good cause attributable to the employer.
- (2) The employer discharged the individual for misconduct in connection with the work.
- (3) The employer discharged the individual solely for a bona fide inability to do the work for which the individual was hired and the individual's period of employment was 100 days or less.
- (4) The separation is a disqualifying separation under G.S. 96-14.7.

(b) To Any Base Period Employer. – Benefits paid to an individual may not be charged to the account of an employer of the individual if the benefits paid meet any of the following descriptions:

- (1) They were paid to an individual who is attending a vocational school or training program approved by the Division.
- (2) They were paid to an individual for unemployment due directly to a major natural disaster declared by the President pursuant to the Disaster Relief Act of 1970, and the individual receiving the benefits would have been eligible for disaster unemployment assistance under this federal act if the individual had not received benefits under this Chapter.
- (3) They were paid to an individual who left work for good cause under G.S. 96-14.8.
- (4) They were paid as a result of a decision by the Division and the decision is ultimately reversed upon final adjudication.

(c) Current Employer. – At the request of the employer, no benefit charges may be made to the account of an employer that has furnished work to an individual who, because of the loss of employment with one or more other employers, is eligible for partial benefits while still being furnished work by the employer on substantially the same basis and substantially the same wages as had been made available to the individual during the individual's base period. This prohibition applies regardless of whether the employments were simultaneous or successive. A request made under this subsection must be filed in accordance with rules adopted by the Division.

"§ 96-11.4. No relief for errors resulting from noncompliance.

(a) Charges for Errors. – An employer's account may not be relieved of charges relating to benefits paid erroneously from the Unemployment Insurance Fund if the Division determines that both of the following apply:

- (1) The erroneous payment was made because the employer, or the agent of the employer, was at fault for failing to respond timely or adequately to a written request from the Division for information relating to the claim for unemployment compensation. An erroneous payment is one that would not have been made but for the failure of the employer or the employer's agent to respond to the Division's request for information related to that claim.
- (2) The employer or agent has a pattern of failing to respond timely or adequately to requests from the Division for information relating to claims for unemployment compensation. In determining whether the employer or agent has a pattern of failing to respond timely or adequately, the Division must consider the number of documented instances of that employer's or agent's failures to respond in relation to the total requests made to that employer or agent. An employer or agent may not be determined to have a pattern of failing to respond if the number of failures during the year prior to the request is less than two percent (2%) of the total requests made to that employer or agent.

(b) Appeals. – An employer may appeal a determination by the Division prohibiting the relief of charges under this section in the same manner as other determinations by the Division with respect to the charging of employer accounts.

(c) Applicability. – This section applies to erroneous payments established on or after October 21, 2013.

"§ 96-11.5. Contributions credited to wrong account.

(a) Refund of Contributions Credited to Wrong Account. – When contributions are credited to the wrong account, the erroneous credit may be adjusted only by refunding the employer who made the payment that was credited in error. This applies regardless of whether the employer to whom the payment was credited in error is a related entity of the employer to whom the payment should have been credited. An employer whose payment is credited to the wrong account may request a refund of the amount erroneously credited by filing a request for refund within five years of the last day of the calendar year in which the erroneous credit occurred.

(b) Effect on Contribution Rate. – Failure of the Division to credit the correct account for contributions does not affect the contribution rate determined under G.S. 96-9.2 for either the employer whose account should have been credited for the contributions or the employer

whose account was credited, and it does not affect the liability of an employer for contributions determined under those rates. No prior contribution rate for either of the employers may be adjusted even though the contribution rates were based on incorrect amounts in their account. An employer is liable for contributions determined under those rates for the five calendar years preceding the year in which the error is determined. This applies regardless of whether the employer acted in good faith.

"§ 96-11.6. Interest on Unemployment Insurance Fund allocated among employers' accounts.

The Division must determine the ratio of the credit balance in each employer's account to the total of the credit balances in all employers' accounts as of the computation date. The Division must allocate an amount equal to the interest credited to this State's account in the Unemployment Trust Fund for the four completed calendar quarters preceding the computation date on a pro rata basis to these accounts. The amount must be prorated to an employer's account in the same ratio that the credit balance in the employer's account bears to the total of the credit balances in all the accounts. Voluntary contributions made by an employer after July 31 of a year are not considered a part of the employer's account balance used in determining the allocation under this section until the computation date in the following year.

"§ 96-11.7. Acquisition of employer and transfer of account to another employer.

(a) Mandatory Transfer. – When an employer acquires all of the organization, trade, or business of another employer, the account of the predecessor must be transferred as of the date of the acquisition to the successor employer for use in the determination of the successor's contribution rate. This mandatory transfer does not apply when there is no common ownership between the predecessor and the successor and the successor acquired the assets of the predecessor in a sale in bankruptcy. In this circumstance, the successor's contribution rate is determined without regard to the predecessor's contribution rate.

(b) Consent. – When a distinct and severable portion of an employer's organization, trade, or business is transferred to a successor employer and the successor employer continues to operate the acquired organization, trade, or business, the portion of the account of the transferring employer that related to the transferred business may, with the approval of the Division, be transferred by mutual consent from the transferring employer to the successor employer. A successor employer that is a related entity of the transferring employer is eligible for a transfer from the transferring employer's account only to the extent permitted by rules adopted by the Division. No transfer may be made to the account of an employer that has ceased to be an employer under G.S. 96-11.9.

If a transfer of part or all of an account is allowed but is not mandatory, the successor employer requesting the transfer may make a request for transfer by filing an application for transfer with the Division within two years after the date the business was transferred or the date of notification by the Division of the right to request an account transfer, whichever is later. If the application is approved and the application was filed within 60 days after notification from the Division of the right to request a transfer, the transfer is effective as of the date the business was transferred. If the application is approved and the application was filed later than 60 days after notification from the Division, the effective date of the transfer is the first day of the calendar quarter in which the application was filed.

If the effective date of a transfer of an account under this subsection is after the computation date in a calendar year, the Division must recalculate the contribution rate for the transferring employer and the successor employer based on their account balances on the effective date of the account transfer. The recalculated contribution rate applies for the calendar year beginning after the computation date.

(c) Employer Number. – A new employer shall not be assigned a discrete employer number when there is an acquisition or change in the form or organization of an existing business enterprise, or severable portion thereof, and there is a continuity of control of the business enterprise. That new employer shall continue to be the same employer for the purposes of this Chapter as before the acquisition or change in form. The following assumptions apply in this subsection:

- (1) "Control of the business enterprise" may occur by means of ownership of the organization conducting the business enterprise, ownership of assets necessary to conduct the business enterprise, security arrangements or lease arrangements covering assets necessary to conduct the business enterprise, or a contract when the ownership, stated arrangements, or contract provide

for or allow direction of the internal affairs or conduct of the business enterprise.

- (2) A "continuity of control" will exist if one or more persons, entities, or other organizations controlling the business enterprise remain in control of the business enterprise after an acquisition or change in form. Evidence of continuity of control includes changes of an individual proprietorship to a corporation, partnership, limited liability company, association, or estate; a partnership to an individual proprietorship, corporation, limited liability company, association, estate, or the addition, deletion, or change of partners; a limited liability company to an individual proprietorship, partnership, corporation, association, estate, or to another limited liability company; a corporation to an individual proprietorship partnership, limited liability company, association, estate, or to another corporation or from any form to another form.

(d) Contribution Rate. – Notwithstanding the other provisions in this section, when an account is transferred in its entirety to a successor employer, the transferring employer's contribution rate is the standard beginning rate.

Notwithstanding the other provisions in this section, if a successor employer to whom an account is transferred was an employer as of the date of the business transfer, the account transfer does not affect the successor employer's contribution rate for the calendar year in which the business was transferred. If the successor employer was not an employer as of the date of the business transfer, the successor employer's contribution rate for the year in which the business transfer occurs is the standard beginning rate unless one of the following applies:

- (1) The account transfer is a mandatory transfer, in which case the contribution rate of the successor employer is the contribution rate of the transferring employer.
- (2) The account transfer is by consent and the successor employer filed an application within 60 days of the business transfer, in which case the contribution rate of the successor employer is the contribution rate of the transferring employer. If the business was transferred from more than one employer and the transferring employers had different contribution rates, the contribution rate of the successor employer is the rate calculated as of the effective date of the account transfers.

(e) Liability for Contributions. – An employer that, by operation of law, purchase, or otherwise is the successor to an employer liable for contributions becomes liable for contributions on the day of the succession. This provision does not affect the successor's liability as otherwise prescribed by law for unpaid contributions due from the predecessor.

(f) Deceased or Insolvent Employer. – When the organization, trade, or business of a deceased person or of an insolvent debtor is taken over and operated by an administrator, executor, receiver, or trustee in bankruptcy, the new employer automatically succeeds to the account and contribution rate of the deceased person or insolvent debtor without the necessity of filing an application for the transfer of the account.

"§ 96-11.8. Closure of account.

(a) Account Closed. – When an employer ceases to be an employer under G.S. 96-11.9, the employer's account must be closed and may not be used in any future computation of the employer's contribution rate. An employer has no right or claim to any amounts paid by the employer into the Unemployment Insurance Fund.

(b) Exception for Active Duty. – If the Division finds that an employer's business is closed solely because one or more of its owners, officers, or partners or its majority stockholder enters into the Armed Forces of the United States, an ally, or the United Nations, the employer's account may not be terminated. If the business resumes within two years after the discharge or release of the affected individual from active duty in the Armed Forces of the United States, the employer's account is considered to have been chargeable with benefits throughout more than 13 consecutive calendar months ending July 31 immediately preceding the computation date. This subsection applies only to an employer that makes contributions under G.S. 96-9.2. This subsection does not apply to an employer that makes payments in lieu of contributions under G.S. 96-9.6.

"§ 96-11.9. Termination of coverage.

(a) By Law. – An employer that has not paid wages for two consecutive calendar years ceases to be an employer liable for contributions under this Chapter.

(b) By Application. – An employer may file an application with the Division to terminate coverage. An application for termination must be filed prior to March 1 of the calendar year for which the employer wishes to cease coverage. The Division may terminate coverage if it finds that the employer was not liable for contributions during the preceding calendar year. Termination of coverage under this subsection is effective as of January 1 of the calendar year in which the application is granted.

(c) After Reactivation. – If the Division reactivates the account of an employer that has been closed, the employer may file an application with the Division to terminate coverage. The application must be filed within 120 days after the Division notifies the employer of the reactivation of the employer's account. The Division may terminate coverage if it finds that the employer was not liable for contributions during the preceding calendar year. Termination of coverage under this subsection is effective as of January 1 of the calendar year in which the application is granted. An employer's protest of liability upon reactivation is considered an application for termination.

(d) After Discovery. – When the Division discovers that an employer is liable for contributions for a period of more than two years, the employer may file an application with the Division to terminate coverage. The application must be filed within 90 days after the Division notifies the employer of the discovered liability. The Division may terminate coverage if it finds that the employer was not liable for contributions during the preceding calendar year. An employer's protest of liability upon discovery is considered an application for termination. An employer is not eligible for termination of liability under this subsection if the employer willfully attempted to defeat or evade the payment of contributions."

SECTION 5. Article 9 of Chapter 96 of the General Statutes is amended by adding a new Article to read:

"Article 2C.

"Benefits Payable for Unemployment Compensation.

"§ 96-14.1. Unemployment benefits.

(a) Purpose. – The purpose of this Article is to provide temporary unemployment benefits as required by federal law to an individual who is unemployed through no fault on the part of the individual and who is able, available, and actively seeking work.

(b) Valid Claim. – To obtain benefits, an individual must file a valid claim for unemployment benefits and register for work. An individual must serve a one-week waiting period for each claim filed. A valid claim is one that meets the employment and wage standards in this subsection for the individual's base period. A valid claim for a second benefit year is one that meets the employment and wage standards in this subsection since the beginning date of the prior benefit year and before the date the new benefit claim is filed.

(1) Employment. – The individual has been paid wages in at least two quarters of the individual's base period.

(2) Wages. – The individual has been paid wages totaling at least six times the average weekly insured wage during the individual's base period. If an individual lacks sufficient base period wages, then the wage standard for that individual is determined using the last four completed calendar quarters immediately preceding the first day of the individual's benefit year. This alternative base period may not be used by an individual in making a claim for benefits in the next benefit year.

(c) Qualification Determination. – An individual's qualification for benefits is determined based on the reason for separation from employment from the individual's bona fide employer. The individual's bona fide employer is the most recent employer for whom the individual began employment for an indefinite duration or a duration of more than 30 consecutive calendar days, regardless of whether work was performed on all of those days. An individual who is disqualified has no right to benefits.

(d) Eligibility for Benefits. – The Division must calculate a weekly benefit amount and determine the duration of benefits for an individual who files a valid claim and qualifies for benefits. To receive the weekly benefit amount, the Division must find that the individual meets the work search eligibility requirements for each week of the benefit period. An individual who fails to meet the work search requirements for a given week is ineligible to receive a benefit until the condition causing the ineligibility ceases to exist.

(e) Federal Restrictions. – Benefits are not payable for services performed by the following individuals, to the extent prohibited by section 3304 of the Code:

- (1) Instructional, research, or principal administrative employees of educational institutions.
- (2) Professional athletes.
- (3) Aliens.

"§ 96-14.2. Weekly benefit amount.

(a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally unemployed is an amount equal to the wages paid to the individual in the last two completed quarters of the individual's base period divided by 52 and rounded to the next lower whole dollar. If this amount is less than fifteen dollars (\$15.00), the individual is not eligible for benefits. The weekly benefit amount may not exceed three hundred fifty dollars (\$350.00).

(b) Partial Weekly Benefit Amount. – The weekly benefit amount for an individual who is partially unemployed or part-totally employed is the amount the individual would receive under subsection (a) of this section if the individual were totally unemployed, reduced by the amount of any wages the individual receives in the benefit week in excess of twenty percent (20%) of the benefit amount applicable to total unemployment. If the amount so calculated is not a whole dollar, the amount must be rounded to the next lower whole dollar. Payments received by an individual under a supplemental benefit plan do not affect the computation of the individual's partial weekly benefit.

(c) Retirement Reduction. – The amount of benefits payable to an individual must be reduced as provided in section 3304(a)(15) of the Code.

(d) Income Tax Withholding. – An individual may elect to have federal income tax deducted and withheld from the individual's unemployment benefits in the amount specified in section 3402 of the Code. An individual may elect to have State income tax deducted and withheld from the individual's unemployment benefits in an amount determined by the individual. The individual may change a previously elected withholding status. The amounts deducted and withheld from unemployment benefits remain in the Unemployment Insurance Fund until transferred to the appropriate taxing authority as a payment of income tax. The Division must advise an individual in writing at the time the individual files a claim for unemployment benefits that the benefits paid are subject to federal and State income tax, that requirements exist pertaining to estimated tax payments, and that the individual may elect to have the amounts withheld.

"§ 96-14.3. Minimum and maximum duration of benefits.

The minimum and maximum number of weeks an individual is allowed to receive unemployment benefits depends on the seasonal adjusted statewide unemployment rate that applies to the six-month base period in which the claim is filed. One six-month base period begins on January 1 and one six-month base period begins on July 1. For the base period that begins January 1, the seasonal adjusted unemployment rate for the State for the preceding month of October applies. For the base period that begins July 1, the seasonal adjusted unemployment rate for the State for the preceding month of April applies. The Division must use the most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark. The number of weeks allowed for an individual is determined in accordance with G.S. 96-14.4.

<u>Seasonal Adjusted Unemployment Rate</u>	<u>Minimum Number of Weeks</u>	<u>Maximum Number of Weeks</u>
Less than or equal to 5.5%	<u>5</u>	<u>12</u>
Greater than 5.5% up to 6%	<u>6</u>	<u>13</u>
Greater than 6% up to 6.5%	<u>7</u>	<u>14</u>
Greater than 6.5% up to 7%	<u>8</u>	<u>15</u>
Greater than 7% up to 7.5%	<u>9</u>	<u>16</u>
Greater than 7.5% up to 8%	<u>10</u>	<u>17</u>
Greater than 8% up to 8.5%	<u>11</u>	<u>18</u>
Greater than 8.5% up to 9%	<u>12</u>	<u>19</u>
Greater than 9%	<u>13</u>	<u>20</u>

"§ 96-14.4. Duration of benefits for individual claimant.

(a) Total Benefit Amount. – The total amount of benefits paid to an individual may not exceed the individual's total benefit amount. The total benefit amount for an individual is determined as follows:

- (1) Divide the individual's base-period wages by the average of the wages paid to the individual in the last two completed quarters of the base period.
- (2) Multiply the quotient by eight and two-thirds.
- (3) Round the product to the nearest whole number.
- (4) Multiply the resulting amount by the individual's weekly benefit amount as determined under G.S. 96-14.2.

(b) Duration. – The number of weeks an individual may receive benefits varies depending on the seasonal adjusted statewide unemployment rate that applies at the time the regular unemployment claim is filed. The total benefits paid to an individual may not be less than the individual's average weekly benefit amount multiplied by the minimum number of weeks allowed in accordance with G.S. 96-14.3. The total benefits paid to an individual may not exceed the lesser of the following:

- (1) The individual's average weekly benefit amount multiplied by the maximum number of weeks allowed in accordance with G.S. 96-14.3.
- (2) The individual's total benefit amount, as calculated under subsection (a) of this section.

"§ 96-14.5. Disqualification for good cause not attributable to the employer.

(a) Determination. – The Division must determine the reason for an individual's separation from work. An individual does not have a right to benefits and is disqualified from receiving benefits if the Division determines that the individual left work for a reason other than good cause attributable to the employer. When an individual leaves work, the burden of showing good cause attributable to the employer rests on the individual and the burden may not be shifted to the employer.

(b) Reduced Work Hours. – When an individual leaves work due solely to a unilateral and permanent reduction in work hours of more than fifty percent (50%) of the customary scheduled full-time work hours in the establishment, plant, or industry in which the individual was employed, the leaving is presumed to be good cause attributable to the employer. The employer may rebut the presumption if the reduction is temporary or was occasioned by malfeasance, misfeasance, or nonfeasance on the part of the individual.

(c) Reduced Rate of Pay. – When an individual leaves work due solely to a unilateral and permanent reduction in the individual's rate of pay of more than fifteen percent (15%), the leaving is presumed to be good cause attributable to the employer. The employer may rebut the presumption if the reduction is temporary or was occasioned by malfeasance, misfeasance, or nonfeasance on the part of the individual.

"§ 96-14.6. Disqualification for misconduct.

(a) Disqualification. – An individual who the Division determines is unemployed for misconduct connected with the work is disqualified for benefits. The period of disqualification begins with the first day of the first week the individual files a claim for benefits after the misconduct occurs.

(b) Misconduct. – Misconduct connected with the work is either of the following:

- (1) Conduct evincing a willful or wanton disregard of the employer's interest as is found in deliberate violation or disregard of standards of behavior that the employer has the right to expect of an employee or has explained orally or in writing to an employee.
- (2) Conduct evincing carelessness or negligence of such degree or recurrence as to manifest an intentional and substantial disregard of the employer's interests or of the employee's duties and obligations to the employer.

(c) Examples. – The following examples are prima facie evidence of misconduct that may be rebutted by the individual making a claim for benefits:

- (1) Violation of the employer's written alcohol or illegal drug policy.
- (2) Reporting to work significantly impaired by alcohol or illegal drugs.
- (3) Consumption of alcohol or illegal drugs on the employer's premises.
- (4) Conviction by a court of competent jurisdiction for manufacturing, selling, or distributing a controlled substance punishable under G.S. 90-95(a)(1) or G.S. 90-95(a)(2) if the offense is related to or connected with an employee's work for the employer or is in violation of a reasonable work rule or policy.
- (5) Termination or suspension from employment after arrest or conviction for an offense involving violence, sex crimes, or illegal drugs if the offense is

- related to or connected with the employee's work for an employer or is in violation of a reasonable work rule or policy.
- (6) Any physical violence whatsoever related to the employee's work for an employer, including physical violence directed at supervisors, subordinates, coworkers, vendors, customers, or the general public.
- (7) Inappropriate comments or behavior toward supervisors, subordinates, coworkers, vendors, customers, or to the general public relating to any federally protected characteristic that creates a hostile work environment.
- (8) Theft in connection with the employment.
- (9) Forging or falsifying any document or data related to employment, including a previously submitted application for employment.
- (10) Violation of an employer's written absenteeism policy.
- (11) Refusal to perform reasonably assigned work tasks or failure to adequately perform employment duties as evidenced by no fewer than three written reprimands in the 12 months immediately preceding the employee's termination.

"§ 96-14.7. Other reasons to be disqualified from receiving benefits.

(a) Failure to Supply Necessary License. – An individual is disqualified for benefits if the Division determines that the individual is unemployed for failure to possess a license, certificate, permit, bond, or surety that is necessary for the performance of the individual's employment if it was the individual's responsibility to supply the necessary documents and the individual's inability to do so was within the individual's control. The period of disqualification begins with the first day of the first week the individual files a claim for benefits after the individual's failure occurs.

(b) Labor Dispute. – An individual is disqualified for benefits if the Division determines the individual's total or partial unemployment is caused by a labor dispute in active progress at the factory, establishment, or other premises at which the individual is or was last employed or by a labor dispute at another place within this State that is owned or operated by the employer that owns or operates the factory, establishment, or other premises at which the individual is or was last employed and that supplies materials or services necessary to the continued and usual operation of the premises at which the individual is or was last employed. An individual disqualified under the provisions of this subsection continues to be disqualified after the labor dispute has ceased to be in active progress for the period of time that is reasonably necessary and required to physically resume operations in the method of operating in use at the plant, factory, or establishment.

"§ 96-14.8. Military spouse relocation and domestic violence are good causes for leaving.

An individual is not disqualified for benefits for leaving work for one of the reasons listed in this section. Benefits paid on the basis of this section are not chargeable to the employer's account.

- (1) Military spouse relocation. – Leaving work to accompany the individual's spouse to a new place of residence because the spouse has been reassigned from one military assignment to another.
- (2) Domestic violence. – Leaving work for reasons of domestic violence if the individual reasonably believes that the individual's continued employment would jeopardize the safety of the individual or of any member of the individual's immediate family. For purposes of this subdivision, an individual is a victim of domestic violence if one or more of the following applies:
 - a. The individual has been adjudged an aggrieved party as set forth by Chapter 50B of the General Statutes.
 - b. There is evidence of domestic violence, sexual offense, or stalking. Evidence of domestic violence, sexual offense, or stalking may include any one or more of the following:
 - 1. Law enforcement, court, or federal agency records or files.
 - 2. Documentation from a domestic violence or sexual assault program if the individual is alleged to be a victim of domestic violence or sexual assault.
 - 3. Documentation from a religious, medical, or other professional from whom the individual has sought assistance

- in dealing with the alleged domestic violence, sexual abuse, or stalking.
- c. The individual has been granted program participant status pursuant to G.S. 15C-4 as the result of domestic violence committed upon the individual or upon a minor child with or in the custody of the individual by another individual who has or has had a familial relationship with the individual or minor child.

"§ 96-14.9. Weekly certification.

(a) Requirements. – An individual's eligibility for a weekly benefit amount is determined on a week-to-week basis. An individual must meet all of the requirements of this section for each weekly benefit period. An individual who fails to meet one or more of the requirements is ineligible to receive benefits until the condition causing the ineligibility ceases to exist.

- (1) File a claim for benefits.
- (2) Report at an employment office as requested by the Division.
- (3) Meet the work search requirements of subsection (b) of this section.

(b) Work Search Requirements. – The Division must find that the individual meets all of the following work search requirements:

- (1) The individual is able to work.
- (2) The individual is available to work.
- (3) The individual is actively seeking work.
- (4) The individual accepts suitable work when offered.

(c) Able to Work. – An individual is not able to work during any week that the individual is receiving or is applying for benefits under any other state or federal law based on the individual's temporary total or permanent total disability.

(d) Available to Work. – An individual is not available to work during any week that one or more of the following applies:

- (1) The individual tests positive for a controlled substance. An individual tests positive for a controlled substance if all of the conditions of this subdivision apply. An employer must report an individual's positive test for a controlled substance to the Division.
 - a. The test is a controlled substance examination administered under Article 20 of Chapter 95 of the General Statutes.
 - b. The test is required as a condition of hire for a job.
 - c. The job would be suitable work for the individual.
- (2) The individual is incarcerated or has received notice to report to or is otherwise detained in a state or federal jail or penal institution. This subdivision does not apply to an individual who is incarcerated solely on a weekend in a county jail and who is otherwise available for work.
- (3) The individual is an alien and is not in satisfactory immigration status under the laws administered by the United States Department of Justice, Immigration and Naturalization Service.
- (4) The individual is on disciplinary suspension for more than 30 days based on acts or omissions that constitute fault on the part of the employee and are connected with the work.

(e) Actively Seeking Work. – The Division's determination of whether an individual is actively seeking work is based upon the following:

- (1) The individual is registered for employment services, as required by the Division.
- (2) The individual has engaged in an active search for employment that is appropriate in light of the employment available in the labor market and the individual's skills and capabilities.
- (3) The individual has sought work on at least two different days during the week and made at least two job contacts with potential employers.
- (4) The individual has maintained a record of the individual's work search efforts. The record must include the potential employers contacted, the method of contact, and the date contacted. The individual must provide the record to the Division upon request.

(f) Suitable Work. – The Division's determination of whether an employment offer is suitable must vary based upon the individual's length of unemployment as follows:

- (1) During the first 10 weeks of a benefit period, the Division may consider all of the following:
 - a. The degree of risk involved to the individual's health, safety, and morals.
 - b. The individual's physical fitness and prior training and experience.
 - c. The individual's prospects for securing local work in the individual's customary occupation.
 - d. The distance of the available work from the individual's residence.
 - e. The individual's prior earnings.
- (2) During the remaining weeks of a benefit period, the Division must consider any employment offer paying one hundred twenty percent (120%) of the individual's weekly benefit amount to be suitable work.

(g) Job Attachment. – An individual who is partially unemployed and for whom the employer has filed an attached claim for benefits has satisfied the work search requirements for any given week in the benefit period associated with the attached claim if the Division determines the individual is available for work with the employer that filed the attached claim.

(h) Job Training. – An individual has satisfied the work search requirements for any given week if the Division determines for that week that one or more of the following applies:

- (1) Trade Jobs for Success. – The individual is participating in the Trade Jobs for Success initiative under G.S. 143B-438.16.
- (2) Reemployment services. – The individual is participating in the reemployment services as directed by the Division and is actively seeking work in a manner consistent with the planned reemployment services. The Division must refer an individual to reemployment services if the Division finds that the individual would likely exhaust regular benefits and need reemployment services to make a successful transition to new employment.
- (3) Vocational school or training program. – The individual is attending a vocational school or training program approved by the Division.

(i) Federal Labor Standards. – An otherwise eligible individual may not be denied benefits for a given week if the Division determines the individual refused to accept new work for one or more of the following reasons:

- (1) The position offered is vacant due directly to a strike, lockout, or other labor dispute.
- (2) The remuneration, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality.
- (3) The individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization as a condition of employment.

(j) Trade Act of 1974. – An otherwise eligible individual may not be denied benefits for any week because the individual is in training approved under section 236(a)(1) of the Trade Act of 1974, nor may the individual be denied benefits by reason of leaving work to enter such training, provided the work left is not suitable employment, or because of the application to any such week in training of provisions in this law or of any applicable federal unemployment compensation law, relating to availability for work, active search for work, or refusal to accept work. For purposes of this subsection, the term "suitable employment" means with respect to an individual, work of a substantially equal or higher skill level than the individual's past adversely affected employment, as defined for purposes of the Trade Act of 1974, and wages for such work at not less than eighty percent (80%) of the individual's average weekly wage as determined for the purposes of the Trade Act of 1974.

"§ 96-14.10. Disciplinary suspension.

The disciplinary suspension of an employee for 30 or fewer consecutive calendar days does not constitute good cause for leaving work. An individual who is on suspension is not available for work and is not eligible for benefits for any week during any part of the disciplinary suspension. If the disciplinary suspension exceeds 30 days, the individual is considered to have been discharged from work because of the acts or omissions that caused the suspension and the issue is whether the discharge was for disqualifying reasons. During the period of suspension

up to 30 days, the individual is considered to be attached to the employer's payroll, and the issue of separation from work is held in abeyance until a claim is filed for a week to which this section does not apply.

"§ 96-14.11. Disqualification for the remaining weeks of the benefit period.

(a) Duration. – An individual may be disqualified from receiving benefits for the remaining weeks of the claim's duration if one or more subsections of this section apply. The period of disqualification under this section begins with the first day of the first week after the disqualifying act occurs.

(b) Suitable Work. – An individual is disqualified for any remaining benefits if the Division determines that the individual has failed, without good cause, to do one or more of the following:

- (1) Apply for available suitable work when so directed by the employment office of the Division.
- (2) Accept suitable work when offered.
- (3) Return to the individual's customary self-employment when so directed by the Division.

(c) Recall After Layoff. – An individual is disqualified for any remaining benefits if it is determined by the Division that the individual is, at the time a claim is filed, unemployed because the individual, without good cause attributable to the employer and after receiving notice from the employer, refused to return to work for an employer under one or more of the following circumstances:

- (1) The individual was recalled within four weeks after a layoff. As used in this subdivision, the term "layoff" means a temporary separation from work due to no work available for the individual at the time of separation from work and the individual is retained on the employer's payroll and is a continuing employee subject to recall by the employer.
- (2) The individual was recalled in a week in which the work search requirements were satisfied under G.S. 96-14.7(g) due to job attachment.

"§ 96-14.12. Limitations on company officers and spouses.

(a) Disqualification for Benefits. – An individual is disqualified for benefits if the Division determines either of the following:

- (1) The individual is customarily self-employed and can reasonably return to self-employment.
- (2) The individual or the individual's spouse is unemployed because the individual's ownership share of the employer was voluntarily sold and, at the time of the sale, one or more of the following applied:
 - a. The employer was a corporation and the individual held five percent (5%) or more of the outstanding shares of the voting stock of the corporation.
 - b. The employer was a partnership, limited or general, and the individual was a limited or general partner.
 - c. The employer was a limited liability company and the individual was a member.
 - d. The employer was a proprietorship, and the individual was the proprietor.

(b) Duration of Benefits. – This subsection applies to an individual and the spouse of an individual who is unemployed based on services performed for a corporation in which the individual held five percent (5%) or more of the outstanding shares of the voting stock of the corporation. The maximum number of weeks an individual or an individual's spouse may receive benefits is limited to the lesser of six weeks or the applicable weeks determined under G.S. 96-14.4.

"§ 96-14.13. Limitation on benefits due to lump sum payments.

An individual is disqualified from receiving benefits for any week for which the individual receives any sum from the employer pursuant to an order of a court, the National Labor Relations Board, or another adjudicative agency or by private agreement, consent, or arbitration for loss of pay by reason of discharge. When the employer pays a lump sum that covers a period of more than one week, the amount paid is allocated to the weeks in the period on a pro rata basis as determined by the Division. If the amount prorated to a week would, if it had been earned by the individual during that week of unemployment, have resulted in a reduced benefit

payment as provided in G.S. 96-14.2, the individual is entitled to receive the reduced payment if the individual is otherwise eligible for benefits.

Benefits paid for weeks of unemployment for which back pay awards or other similar compensation are made constitutes an overpayment of benefits. The employer must deduct the overpayment from the award prior to payment to the employee and must send the overpayment to the Division within five days of the payment for application against the overpayment. Overpayments not remitted to the Division are subject to the same collection procedures as contributions. The removal of charges made against the employer's account as a result of the previously paid benefits applies to the calendar year in which the Division receives the overpayment."

SECTION 6. G.S. 96-12.01 is recodified as G.S. 96-14.14 and G.S. 96-14.14(a), as recodified by this section, reads as rewritten:

"(a) Extended benefits payable under sub-subdivision (a1)(4)a. of this section shall be paid ~~under this Chapter as provided in this section~~ as required under the Federal-State Extended Unemployment Compensation Act of 1970. Extended benefits payable under sub-subdivision (a1)(4)a. of this section are not required under federal law and may be paid only if the federal government funds one hundred percent (100%) of the costs of providing them. Extended benefits are payable in the manner prescribed by this section."

SECTION 7.(a) Chapter 96 of the General Statutes is amended by inserting a new Article 2D immediately before G.S. 96-15:

"Article 2D.

Administration of Benefits."

SECTION 7.(b) Article 2D of Chapter 96 of the General Statutes, as created in subsection (a) of this section, reads as rewritten:

"Article 2D.

Administration of Benefits.

"§ 96-15. Claims for benefits.

(a) ~~Filing Generally.~~ – Claims for benefits shall ~~must~~ be made in accordance with ~~such regulations as the Division may prescribe~~ rules adopted by the Division. ~~Employers may file claims for employees through the use of automation in the case of partial unemployment. Each employing unit shall post and maintain in places readily accessible to individuals performing services for it printed statements, concerning benefit rights, claims for benefits, and such other matters relating to the administration of this Chapter as the Division may direct. Each employing unit shall supply to such individuals copies of such printed statements or other materials relating to claims for benefits as the Division may direct. Such~~ An employer must provide individuals providing services for it access to information concerning the unemployment compensation program. The Division must supply an employer with any printed statements and other materials ~~shall be supplied by the Division~~ that the Division requires an employer to provide to individuals ~~to each employing unit~~ without cost to the ~~employing unit~~ employer.

(a1) ~~Attached Claims.~~ – An employer may file claims for employees through the use of automation in the case of partial unemployment. An employer may file an attached claim for an employee only once during a calendar year, and the period of partial unemployment for which the claim is filed may not exceed six weeks. To file an attached claim, an employer must pay the Division an amount equal to the full cost of unemployment benefits payable to the employee under the attached claim at the time the attached claim is filed. The Division must credit the amounts paid to the Unemployment Insurance Fund.

An employer may file an attached claim under this subsection only if the employer has a positive credit balance in its account as determined under Article 2B of this Chapter. If an employer does not have a positive credit balance in its account, the employer must remit to the Division an amount equal to the amount necessary to bring the employer's negative credit balance to at least zero at the time the employer files the attached claim.

(b) ...

(2) Adjudication. – When a protest is made by the claimant to the initial or monetary determination, or a question or issue is raised or presented as to the eligibility of a ~~claimant under G.S. 96-13~~ claimant, or whether any disqualification should be ~~imposed under G.S. 96-14~~ imposed, or benefits denied or adjusted pursuant to G.S. 96-18, the matter shall be referred to an adjudicator. The adjudicator may consider any matter, document or

statement deemed to be pertinent to the issues, including telephone conversations, and after such consideration shall render a conclusion as to the claimant's benefit entitlements. The adjudicator shall notify the claimant and all other interested parties of the conclusion reached. The conclusion of the adjudicator shall be deemed the final decision of the Division unless within 30 days after the date of notification or mailing of the conclusion, whichever is earlier, a written appeal is filed pursuant to rules adopted by the Division. The Division shall be deemed an interested party for such purposes and may remove to itself or transfer to an appeals referee the proceedings involving any claim pending before an adjudicator.

Provided, any interested employer shall be allowed 10 days from the delivery of the notice of the filing of a claim against the employer's account to protest the claim and have the claim referred to an adjudicator for a decision on the question or issue raised. A copy of the notice of the filing shall be sent contemporaneously to the employer by telefacsimile transmission if a fax number is on file. Provided further, no question or issue may be raised or presented by the Division as to the eligibility of a ~~claimant under G.S. 96-13, claimant, or whether any disqualification should be imposed under G.S. 96-14, imposed,~~ after 45 days from the first day of the first week after the question or issue occurs with respect to which week an individual filed a claim for benefits. None of the provisions of this subsection shall have the force and effect nor shall the same be construed or interested as repealing any other provisions of G.S. 96-18.

An employer shall receive written notice of the employer's appeal rights and any forms that are required to allow the employer to protest the claim. The forms shall include a section referencing the appropriate rules pertaining to appeals and the instructions on how to appeal.

...
"§ 96-15.01. Establishing a benefit year.

(a) Initial Unemployment. – An individual is unemployed for the purpose of establishing a benefit year if one of the following conditions is met:

- (1) Payroll attachment. – The individual has payroll attachment but because of lack of work during the payroll week for which the individual is requesting the establishment of a benefit year, the individual worked less than the equivalent of three customary scheduled full-time days in the establishment, plant, or industry in which the individual has payroll attachment as a regular employee.
- (2) No payroll attachment. – The individual has no payroll attachment on the date the individual files a claim for unemployment benefits.

(b) Unemployed. – For benefit weeks within an established benefit year, a claimant is unemployed as provided in this subsection:

- (1) Totally unemployed. – The claimant's earnings for the week, including payments in subsection (c) of this section, would not reduce the claimant's weekly benefit amount as calculated in G.S. 96-14.2.
- (2) Partially unemployed. – The claimant is payroll attached and both of the following apply:
 - a. The claimant worked less than three customary scheduled full-time days in the establishment, plant, or industry in which the claimant is employed because of lack of work during the payroll week for which the claimant is requesting benefits.
 - b. The claimant's earnings for the payroll week for which the claimant is requesting benefits, including payments in subsection (c) of this section, would qualify the claimant for a reduced weekly benefit amount as calculated in G.S. 96-14.2.
- (3) Part-totally unemployed. – The claimant has no payroll attachment during all or part of the week, and the claimant's earnings for odd jobs or subsidiary work would qualify the claimant for a reduced weekly benefit amount as calculated in G.S. 96-14.2.

(c) Separation Payments. – An individual is not unemployed if, with respect to the entire calendar week, the individual receives or will receive as a result of the individual's separation from work remuneration in one or more of the forms listed in this subsection. If the remuneration is given in a lump sum, the amount must be allocated on a weekly basis as if it had been earned by the individual during a week of employment. An individual may be unemployed, as provided in subsection (b) of this section, if the individual is receiving payment applicable to less than the entire week.

- (1) Wages in lieu of notice.
- (2) Accrued vacation pay.
- (3) Terminal leave pay.
- (4) Severance pay.
- (5) Separation pay.
- (6) Dismissal payments or wages by whatever name.

(d) Substitute School Personnel. – An individual that performs service in a school as a substitute is not unemployed for days or weeks when the individual is not called to work unless the individual was employed as a full-time substitute during the period of time for which the individual is requesting benefits. For purposes of this subsection, a full-time substitute is an employee that works for more than 30 hours a week for the school on a continual basis for a period of six months or more.

...
§ 96-18.1. Attachment and garnishment of fraudulent overpayment.

(a) Applicability. – This section applies to an individual who has been provided notice of a determination or an appeals decision finding that the individual, or another individual acting in the individual's behalf and with the individual's knowledge, has knowingly done one or more of the following to obtain or increase a benefit or other payment under this Chapter:

- (1) Made a false statement or misrepresentation.
- (2) Failed to disclose a material fact.

(b) Attachment and Garnishment. – Intangible property that belongs to an individual, is owed to an individual, or has been transferred by an individual under circumstances that would permit it to be levied upon if it were tangible property is subject to attachment and garnishment in payment of a fraudulent overpayment that is due from the individual and is collectible under this Article. Intangible personal property includes bank deposits, rent, salaries, wages, property held in the Escheat Fund, and any other property incapable of manual levy or delivery.

A person who is in possession of intangible property that is subject to attachment and garnishment is the garnishee and is liable for the amount the individual owes. The liability applies only to the amount of the individual's property in the garnishee's possession, reduced by any amount the individual owes the garnishee.

The Secretary may submit to a financial institution, as defined in G.S. 53B-2, information that identifies an individual who owes a fraudulent overpayment that is collectible under this section and the amount of the overpayment. The Secretary may submit the information on a quarterly basis or, with the agreement of the financial institution, on a more frequent basis. A financial institution that receives the information must determine the amount, if any, of intangible property it holds that belongs to the individual and must inform the Secretary of its determination. The Secretary must reimburse a financial institution for its costs in providing the information, not to exceed the amount payable to the financial institution under G.S. 110-139 for providing information for use in locating a noncustodial parent.

No more than ten percent (10%) of an individual's wages or salary is subject to attachment and garnishment. The wages or salary of an employee of the United States, the State, or a political subdivision of the State are subject to attachment and garnishment.

(c) Notice. – Before the Secretary attaches and garnishes intangible property in payment of a fraudulent overpayment, the Secretary must send the garnishee a notice of garnishment. The notice must be sent either in person, by certified mail with a return receipt requested, or with the agreement of the garnishee, by electronic means. The notice must contain all of the following information:

- (1) The individual's name.
- (2) The individual's social security number or federal identification number.
- (3) The amount of fraudulent overpaid benefits the individual owes.
- (4) An explanation of the liability of a garnishee for fraudulent overpayment of unemployment insurance benefits owed by an overpaid individual.

(5) An explanation of the garnishee's responsibility concerning the notice.

(d) Action. – A garnishee must comply with a notice of garnishment or file a written response to the notice within the time set in this subsection. A garnishee that is a financial institution must comply or file a response within 20 days after receiving a notice of garnishment. All other garnishees must comply or file a response within 30 days after receiving a notice of garnishment. A written response must explain why the garnishee is not subject to garnishment and attachment.

Upon receipt of a written response, the Department must contact the garnishee and schedule a conference to discuss the response or inform the garnishee of the Department's position concerning the response. If the Department does not agree with the garnishee on the garnishee's liability, the Department may proceed to enforce the garnishee's liability for the fraudulent overpayment of unemployment benefits by civil action."

SECTION 8. G.S. 96-24 reads as rewritten:

"§ 96-24. Local offices; cooperation with United States service; financial aid from United States.

(a) Agreement. – The ~~Employment Security Section~~ Department of Commerce is authorized to enter into agreement with the governing authorities of any municipality, county, township, or school corporation in the State for such period of time as may be deemed desirable for the purpose of establishing and maintaining local free employment offices, and for the extension of vocational guidance in cooperation with the United States Employment Service, and under and by virtue of any such agreement as aforesaid to pay, from any funds appropriated by the State for the purposes of this Article, any part or the whole of the salaries, expenses or rent, maintenance, and equipment of offices and other expenses.

(b) Location. – The Department of Commerce must take into consideration all of the following factors when determining the appropriate number and location of local offices:

(1) Location of the population served.

(2) Staff availability.

(3) Proximity of local offices to each other.

(4) Use of automation products to provide services.

(5) Services and procedural efficiencies.

(6) Any other factors the Division considers necessary in determining the appropriate number and location of local offices."

SECTION 9.(a) G.S. 58-89A-120 reads as rewritten:

"§ 58-89A-120. Unemployment taxes; payroll.

A licensee is the employer of an assigned employee for purposes of Chapters 95, 96 and 105 of the General Statutes. Nothing in this section shall otherwise affect the levy and collection of unemployment insurance contributions or the assignment of discrete employer numbers pursuant to G.S. 96-9(c)(4) and the definitions set forth in G.S. 96-8(4), 96-8(5), and 96-8(6). numbers under the Employment Security Law. The Department of Commerce, Division of Employment Security (DES), shall cooperate with the Commissioner in the investigation of applicants and licensees and shall provide the Commissioner with access to all relevant records and data in the custody of the DES."

SECTION 9.(b) G.S. 96-4 reads as rewritten:

"§ 96-4. Administration; powers and duties of the Assistant Secretary; Board of Review.

...
(b) Board of Review. – The Governor shall appoint a three-person Board of Review to determine appeals policies and procedures and to hear appeals arising from the decisions and determinations of the ~~Employment Security Section and the Employment Insurance Section~~ Division. The Board of Review shall be comprised of one member representing employers, one member representing employees, and one member representing the general public. Members of the Board of Review are subject to confirmation by the General Assembly and shall serve four-year terms. The member appointed to represent the general public shall serve as chair of the Board of Review and shall be a licensed attorney. The annual salaries of the Board of Review shall be set by the General Assembly in the current Operations Appropriations Act. The Board of Review shall exercise its decision-making processes independent of the Governor, the General Assembly, the Department, and the Division.

...
(i) Records and Reports. –

- (1) Each ~~employing unit~~ employer shall keep true and accurate employment records, containing such information as the Division may prescribe. The records shall be open to inspection and be subject to being copied by the Division or its authorized representatives at any reasonable time and as often as may be necessary. ~~Any employing unit. An employer~~ doing business in North Carolina shall make available in this State to the Division, such information with respect to ~~persons, firms, or other employing units~~ persons performing services for it which the Secretary deems necessary in connection with the administration of this Chapter. The Division may require from ~~any employing unit~~ an employer any sworn or unsworn reports, with respect to persons employed by it, which the Secretary deems necessary for the effective administration of this ~~Chapter~~ Chapter, including the employer's quarterly tax and wage report containing the name, social security number, and gross wages of persons employed during that quarter.
- (2) If the Division finds that any employer has failed to file any report or return required by this Chapter or any regulation made pursuant hereto, or has filed a report which the Division finds incorrect or insufficient, the Division may make an estimate of the information required from such employer on the basis of the best evidence reasonably available to it at the time, and make, upon the basis of such estimate, a report or return on behalf of such employer, and the report or return so made shall be deemed to be prima facie correct, and the Division may make an assessment based upon such report and proceed to collect contributions due thereon in the manner as set forth in G.S. 96-10(b) of this Chapter: Provided, however, that no such report or return shall be made until the employer has first been given at least 10 days' notice by registered mail to the last known address of such employer: Provided further, that no such report or return shall be used as a basis in determining whether ~~such employing unit~~ a person is an employer within the meaning of this Chapter.

...
(p) Reciprocal Arrangements. –

- (1) The Secretary is hereby authorized to enter into reciprocal arrangements with appropriate and duly authorized agencies of other states or of the federal government, or both, whereby:
 - a. Services performed by an individual for ~~a single employing unit~~ an employer for which services are customarily performed in more than one state shall be deemed to be services performed entirely within any one of the states
 1. In which any part of such individual's service is performed or
 2. In which such individual has his residence or
 3. In which the ~~employing unit~~ employer maintains a place of business, provided there is in effect, as to such services, an election by the ~~employing unit, employer,~~ approved by the agency charged with the administration of such state's employment security law, pursuant to which the services performed by such individual for ~~such employing unit~~ the employer are deemed to be performed entirely within such state.
- (2) ...
Reimbursements paid from the fund pursuant to subparagraphs b and c of subdivision (1) of this subsection shall be deemed to be ~~benefits for the purpose of G.S. 96-6, 96-9, 96-12 and 96-12.01.~~ benefits. The Division is authorized to make to other states or federal agencies and to receive from such other state or federal agencies, reimbursements from or to the fund, in accordance with arrangements entered into pursuant to subdivision (1) of this subsection.

- ...
(q) The Division after due notice shall have the right and power to hold and conduct 190 hearings for the purpose of determining the rights, status and liabilities of ~~any "employing unit"~~

or "employer" as said terms are defined by G.S. 96-8(4) and 96-8(5) and subdivisions thereunder, an employer. The ~~Division Board of Review~~ shall have the power and authority to determine any and all questions and issues of fact or questions of law that may arise under the Employment Security Law that may affect the rights, liabilities and status of ~~any employing unit or an employer as heretofore defined by the Employment Security Law~~ including the right to determine the amount of contributions, if any, which may be due the Division by any employer. Hearings may be before the Board of Review ~~or the Division~~ and shall be held in the central office of the ~~Division Board of Review~~ or at any other designated place within the State. They shall be open to the public and shall consist of a review of the evidence taken by a hearing officer designated by the Board of Review and a determination of the law applicable to that evidence. The ~~Division Board of Review~~ shall provide for the taking of evidence by a ~~hearing officer~~ officer employed in the capacity of an attorney by the Department. Such hearing officer shall have the same power to issue subpoenas, administer oaths, conduct hearings and take evidence as is possessed by the ~~Division Board of Review~~ and such hearings shall be recorded, and he shall transmit all testimony and records of such hearings to the Board ~~of Review or Division~~ for its determination. All such hearings conducted by such hearing officer shall be scheduled and held in any county in this State in which the ~~employing unit or employer either~~ employer resides, maintains a place of business, or conducts business; however, the Board of Review ~~or Division~~ may require additional testimony at any hearings held by it at its office. From all decisions or determinations made by the ~~Assistant Secretary or the Board of Review~~, any party affected thereby shall be entitled to an appeal to the superior court. Before a party shall be allowed to appeal, the party shall within 10 days after notice of such decision or determination, file with the Board of Review exceptions to the decision or the determination, which exceptions will state the grounds of objection to the decision or determination. If any one of the exceptions shall be overruled then the party may appeal from the order overruling the exceptions, and shall, within 10 days after the decision overruling the exceptions, give notice of his appeal. When an exception is made to the facts as found by the Board of Review, the appeal shall be to the superior court in term time but the decision or determination of the ~~Division Board of Review~~ upon such review in the superior court shall be conclusive and binding as to all questions of fact supported by any competent evidence. When an exception is made to any rulings of law, as determined by the Board of Review, the appeal shall be to the judge of the superior court at chambers. The party appealing shall, within 10 days after the notice of appeal has been served, file with the Board of Review exceptions to the decision or determination overruling the exception which statement shall assign the errors complained of and the grounds of the appeal. Upon the filing of such statement the Board of Review shall, within 30 days, transmit all the papers and evidence considered by it, together with the assignments of errors filed by the appellant to a judge of the superior court holding court or residing in some district in which such appellant either resides, maintains a place of business or conducts business, or, unless the appellant objects after being given reasonable opportunity to object, to a judge of the Superior Court of Wake County: Provided, however, the 30-day period specified herein may be extended by agreement of parties.

(r) The cause shall be entitled "State of North Carolina on Relationship of the ~~Division of Employment Security, Board of Review, Department of Commerce, of North Carolina~~ against (here insert name of appellant)," and if there are exceptions to any facts found by the Board of Review, it shall be placed on the civil issue docket of such court and shall have precedence over other civil actions except those described in G.S. 96-10(b), and such cause shall be tried under such rules and regulations as are prescribed for the trial of other civil causes. By consent of all parties the appeal may be held and determined at chambers before any judge of a district in which the appellant either resides, maintains a place of business or conducts business, or said appeal may be heard before any judge holding court therein, or in any district in which the appellant either resides, maintains a place of business or conducts business. Either party may appeal to the appellate division from the judgment of the superior court under the same rules and regulations as are prescribed by law for appeals, except that if an appeal shall be taken on behalf of the Department of Commerce, it shall not be required to give any undertaking or make any deposit to secure the cost of such appeal and such court may advance the cause on its docket so as to give the same a speedy hearing.

(s) The decision or determination of the ~~Division Board of Review~~ when docketed in the office of the clerk of the superior court of any county and when properly indexed and cross-indexed shall have the same force and effect as a judgment rendered by the superior

court, and if it shall be adjudged in the decision or determination of the ~~Division Board of Review~~ that any employer is indebted to the Division for contributions, penalties and interest or either of the same, then said judgment shall constitute a lien upon any realty owned by said employer in the county only from the date of docketing of such decision or determination in the office of the clerk of the superior court and upon personalty owned by said employer in said county only from the date of levy on such personalty, and upon the execution thereon no homestead or personal property exemptions shall be allowed; provided, that nothing herein shall affect any rights accruing to the Division under G.S. 96-10. The provisions of this section, however, shall not have the effect of releasing any liens for contributions, penalties or interest, or either of the same, imposed by other law, nor shall they have the effect of postponing the payment of said contributions, penalties or interest, or depriving the Division of Employment Security of any priority in order of payment provided in any other statute under which payment of the said contributions, penalties and interest or either of the same may be required. The superior court or any appellate court shall have full power and authority to issue any and all executions, orders, decrees, or writs that may be necessary to carry out the terms of said decision or determination of the Division or to collect any amount of contribution, penalty or interest adjudged to be due the Division by said decision or determination. In case of an appeal from any decision or determination of the Division to the superior court or from any judgment of the superior court to the appellate division all proceedings to enforce said judgment, decision, or determination shall be stayed until final determination of such appeal but no proceedings for the collection of any amount of contribution, penalty or interest due on same shall be suspended or stayed unless the employer or party adjudged to pay the same shall file with the clerk of the superior court a bond in such amount not exceeding double the amount of contribution, penalty, interest or amount due and with such sureties as the clerk of the superior court deems necessary conditioned upon the payment of the contribution, penalty, interest or amount due when the appeal shall be finally decided or terminated.

...

(u) Notices of hearing shall be issued by the Division or its authorized representative and sent by registered mail, return receipt requested, to the last known address of ~~any employing unit, employer, employers, persons, or firms involved~~. The notice shall be sent at least 15 days prior to the hearing date and shall contain notification of the place, date, hour, and purpose of the hearing. Subpoenas for witnesses to appear at any hearing shall be issued by the Division or its authorized representative and shall order the witness to appear at the time, date and place shown thereon. Any bond or other undertaking required to be given in order to suspend or stay any execution shall be given payable to the Department of Commerce. Any such bond or other undertaking may be forfeited or sued upon as are any other undertakings payable to the State.

...

(x) Confidentiality of Records, Reports, and Information Obtained from Claimants, Employers, and Units of Government. – Disclosure and redisclosure of confidential information shall be consistent with 20 C.F.R. Part 603 and any written guidance promulgated and issued by the U.S. Department of Labor consistent with this regulation and any successor regulation. To the extent a disclosure or redisclosure of confidential information is permitted or required by this federal regulation, the Department's authority to disclose or redisclose the information includes the following:

- (1) Confidentiality of Information Contained in Records and Reports. – (i) Except as hereinafter otherwise provided, it shall be unlawful for any person to obtain, disclose, or use, or to authorize or permit the use of any information which is obtained from ~~any employing unit, an employer,~~ individual, or unit of government pursuant to the administration of this Chapter or G.S. 108A-29. (ii) Any claimant or employer or their legal representatives shall be supplied with information from the records of the Division to the extent necessary for the proper presentation of claims or defenses in any proceeding under this Chapter. Notwithstanding any other provision of law, any claimant may be supplied, subject to restrictions as the Division may by regulation prescribe, with any information contained in his payment record or on his most recent monetary determination, and any individual, as well as any interested employer, may be supplied with information as to the individual's potential benefit rights from claim records.

(iii) Subject to restrictions as the Secretary may by regulation provide, information from the records of the Division may be made available to any agency or public official for any purpose for which disclosure is required by statute or regulation. (iv) The Division may, in its sole discretion, permit the use of information in its possession by public officials in the performance of their public duties. (v) The Division shall release the payment and the amount of unemployment compensation benefits upon receipt of a subpoena in a proceeding involving child support. (vi) The Division shall furnish to the State Controller any information the State Controller needs to prepare and publish a comprehensive annual financial report of the State or to track debtors of the State. (vii) The Secretary may disclose or authorize redisclosure of any confidential information to an individual, agency, or entity, public or private, consistent with the requirements enumerated in 20 C.F.R. Part 603 or any successor regulation and any written guidance promulgated and issued by the U.S. Department of Labor consistent with 20 C.F.R. Part 603.

- (2) Job Service Information. – (i) Except as hereinafter otherwise provided it is unlawful for any person to disclose any information obtained by the Division from workers, employers, applicants, or other persons or groups of persons in the course of administering the State Public Employment Service Program. Provided, however, that if all interested parties waive in writing the right to hold such information confidential, the information may be disclosed and used but only for those purposes that the parties and the Division have agreed upon in writing. (ii) The Division shall make public, through the newspapers and any other suitable media, information as to job openings and available applicants for the purpose of supplying the demand for workers and employment. (iii) The Labor Market Information Unit shall collect, collate, and publish statistical and other information relating to the work under the Division's jurisdiction; investigate economic developments, and the extent and causes of unemployment and its remedies with the view of preparing for the information of the General Assembly such facts as in the Division's opinion may make further legislation desirable. (iv) Except as provided by rules adopted by the Division, any information published pursuant to this subdivision shall not be published in any manner revealing the identity of the applicant or the ~~employing unit employer~~.

- ...
(6) Nothing in this subsection (t) shall operate to relieve any claimant or ~~employing unit employer~~ from disclosing any information required by this Chapter or by regulations promulgated thereunder.

...."

SECTION 9.(c) G.S. 96-16 reads as rewritten:

"§ 96-16. Seasonal pursuits.

(a) A seasonal pursuit is one which, because of seasonal conditions making it impracticable or impossible to do otherwise, customarily carries on production operations only within a regularly recurring active period or periods of less than an aggregate of 36 weeks in a calendar year. No pursuit shall be deemed seasonal unless and until so found by the Division; except that ~~from March 27, 1953, any successor under G.S. 96-8(5) to~~ G.S. 96-11.6 to a seasonal pursuit shall be deemed seasonal unless such successor shall within 120 days after the acquisition request cancellation of the determination of status of such seasonal pursuit; provided further that this provision shall not be applicable to pending cases nor retroactive in effect.

...
(f)

- ...
(3) The maximum amount of benefits which a seasonal worker shall be eligible to receive based on seasonal wages shall be an amount, adjusted to the nearest multiple of one dollar (\$1.00), determined by multiplying the maximum benefits payable in his benefit year, as provided in ~~G.S. 96-12(d) of this Chapter, G.S. 96-14.4,~~ by the percentage obtained by dividing the seasonal wages in his base period by all of his base period wages.

- (4) The maximum amount of benefits which a seasonal worker shall be eligible to receive based on nonseasonal wages shall be an amount, adjusted to the nearest multiple of one dollar (\$1.00), determined by multiplying the maximum benefits payable in his benefit year, as provided in ~~G.S. 96-12(d) of this Chapter~~, G.S. 96-14.4, by the percentage obtained by dividing the nonseasonal wages in his base period by all of his base period wages.
- (5) In no case shall a seasonal worker be eligible to receive a total amount of benefits in a benefit year in excess of the maximum benefits payable for such benefit year, as provided in ~~G.S. 96-12(d) of this Chapter~~, G.S. 96-14.4.
- (g) (1) All benefits paid to a seasonal worker based on seasonal wages shall be ~~charged, as prescribed in G.S. 96-9(c)(2) of this Chapter~~, charged against the account of his base period employer or employers who paid him such seasonal wages, and for the purpose of this paragraph such seasonal wages shall be deemed to constitute all of his base period wages.
- (2) All benefits paid to a seasonal worker based on nonseasonal wages shall be ~~charged, as prescribed in G.S. 96-9(c)(2) of this Chapter~~, charged against the account of his base period employer or employers who paid him such nonseasonal wages, and for the purpose of this paragraph such nonseasonal wages shall be deemed to constitute all of his base period wages.

...."

SECTION 9.(d) G.S. 96-18(g) reads as rewritten:

"(g)

- (3) The Division may collect the overpayments provided for in this subsection by one or more of the following procedures as the Division may, except as provided herein, in its sole discretion choose:

...

- c. Any person who has been found by the Division to have been overpaid under subparagraph (4)–(2) above due to fraudulent nondisclosure or misrepresentation shall be liable to have such the sums deducted from future benefits payable to him the person under this Chapter. The amount deducted may be up to one hundred percent (100%) of that person's weekly benefit amount.
- d. Any person who has been found by the Division to have been overpaid under subparagraph (2) above due to nonfraudulent reasons shall be liable to have such the sums deducted from future benefits payable to him the person under this Chapter in such amounts as the Division may by regulation prescribe but no such benefit payable the amount deducted for any week shall be reduced by no more than fifty percent (50%) of that person's weekly benefit amount.

...."

SECTION 9.(e) G.S. 97-29(i) reads as rewritten:

"§ 97-29. Rates and duration of compensation for total incapacity.

(i) Notwithstanding any other provision of this Article, on July 1 of each year, a maximum weekly benefit amount shall be computed. The amount of this maximum weekly benefit shall be derived by obtaining the average weekly insured ~~wage in accordance with G.S. 96-8(22)~~, wage, as defined in G.S. 96-1, by multiplying such average weekly insured wage by 1.10, and by rounding such figure to its nearest multiple of two dollars (\$2.00), and this said maximum weekly benefit shall be applicable to all injuries and claims arising on and after January 1 following such computation. Such maximum weekly benefit shall apply to all provisions of this Chapter and shall be adjusted July 1 and effective January 1 of each year as herein provided."

SECTION 10. Chapter 120 of the General Statutes is amended by adding a new Article to read:

"Article 12R.

"Joint Legislative Oversight Committee on Unemployment Insurance.

"§ 120-70.155. Creation and membership.

(a) The Joint Legislative Oversight Committee on Unemployment Insurance is established. The Committee consists of eight members appointed as follows:

- (1) Four members of the House of Representatives appointed by the Speaker of the House of Representatives.
- (2) Four members of the Senate appointed by the President Pro Tempore of the Senate.

(b) The members serve for a term of two years. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee. A member continues to serve until a successor is appointed. A vacancy shall be filled by the officer who made the original appointment.

"§ 120-70.156. Purpose and powers of Committee.

(a) Purpose. – The Joint Legislative Oversight Committee on Unemployment Insurance is directed to study and review all unemployment insurance matters, workforce development programs, and reemployment assistance efforts of the State. The following duties and powers, which are enumerated by way of illustration, shall be liberally construed to provide maximum review by the Committee of these matters:

- (1) Study the unemployment insurance laws of North Carolina and the administration of those laws.
- (2) Review the State's unemployment insurance laws to determine which laws need clarification, technical amendment, repeal, or other change to make the laws concise, intelligible, and easy to administer.
- (3) Monitor the payment of the debt owed by the Unemployment Trust Fund to the federal government.
- (4) Review and determine the adequacy of the balances in the Unemployment Trust Fund and the Unemployment Insurance Reserve Fund.
- (5) Study the workforce development programs and reemployment assistance efforts of the Division of Workforce Solutions of the Department of Commerce.
- (6) Call upon the Department of Commerce to cooperate with it in the study of the unemployment insurance laws and the workforce development efforts of the State.

(b) The Committee may report its findings and recommendations to any regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

"§ 120-70.157. Organization of Committee.

The Speaker of the House of Representatives shall designate one representative as cochair, and the President Pro Tempore of the Senate shall designate one senator as cochair. The Joint Legislative Oversight Committee on Unemployment Insurance may meet upon the joint call of the cochairs. A quorum of the Committee is five members.

The Committee may meet in the Legislative Building or the Legislative Office Building. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. The House of Representatives and the Senate's Directors of Legislative Assistants shall assign clerical staff to the Committee, and the expenses relating to the clerical employees shall be borne by the Committee. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. Members of the Committee shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

"§ 120-70.158. Sunset.

This Article expires July 1, 2023."

SECTION 11. This act becomes effective July 1, 2013. Changes made by this act to unemployment benefits apply to claims for benefits filed on or after July 1, 2013. Changes made by this act to require an account balance by an employer that is a governmental entity or a nonprofit organization and that elects to finance benefits by making reimbursable payments in lieu of contributions apply to advance payments payable for calendar quarters beginning on or after July 1, 2013. Changes made by this act to the determination and application of the contribution rate apply to contributions payable for calendar quarters beginning on or after January 1, 2014.

In the General Assembly read three times and ratified this the 14th day of February, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 9:31 a.m. this 19th day of February, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013
RATIFIED BILL

RESOLUTION 2013-8
HOUSE JOINT RESOLUTION 21

A JOINT RESOLUTION PROVIDING FOR CONFIRMATION OF APPOINTMENTS BY THE GOVERNOR OF GREGORY M. ALCORN, WILLIAM W. COBEY, JR., REBECCA H. TAYLOR, A.L. COLLINS, OLIVIA OXENDINE, AND MARCELLA RAMIREZ SAVAGE TO THE STATE BOARD OF EDUCATION.

Whereas, under the provisions of the Constitution of North Carolina and G.S. 115C-10, appointments by the Governor to membership on the State Board of Education are subject to confirmation by the General Assembly in joint session; and

Whereas, the Governor has transmitted to the presiding officers of the Senate and the House of Representatives the names of his appointees to fill the terms of membership on the State Board of Education; Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The appointments of Gregory M. Alcorn, William W. Cobey, Jr., and Rebecca H. Taylor to membership on the State Board of Education for terms to expire March 31, 2019, are confirmed. The appointments of A.L. Collins, Olivia Oxendine, and Marcella Ramirez Savage to membership on the State Board of Education for terms to expire March 31, 2021, are confirmed.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 3rd day of April, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-11
HOUSE BILL 23**

**AN ACT DIRECTING THE STATE BOARD OF EDUCATION TO DEVELOP AND
IMPLEMENT DIGITAL TEACHING AND LEARNING STANDARDS FOR
TEACHERS AND SCHOOL ADMINISTRATORS.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-296 reads as rewritten:

"§ 115C-296. Board sets licensure requirements; reports; lateral entry and mentor programs.

...

(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel licensed in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several licensure requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs.

(1) Licensure standards. –

- a. The licensure program shall provide for initial licensure after completion of preservice training, continuing licensure after three years of teaching experience, and license renewal every five years thereafter, until the retirement of the teacher. The last license renewal received prior to retirement shall remain in effect for five years after retirement. The licensure program shall also provide for lifetime licensure after 50 years of teaching.
- b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and shall be aligned with high quality professional development programs that reflect State priorities for improving student achievement.
- c. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall (i) reevaluate and enhance the requirements for renewal of teacher licenses, (ii) integrate digital teaching and learning into the requirements for licensure renewal, and (iii) consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills.

(2) Teacher education programs. –

- a. The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina, the North Carolina Independent Colleges and Universities, and any other



public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.

b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall require that all students preparing to teach demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

c. To further ensure that teacher preparation programs remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall do all of the following to ensure that students preparing are prepared to teach in elementary schools-schools:

1. (i) ~~have~~ Provide students with adequate coursework in the teaching of reading and ~~mathematics; mathematics.~~

2. (ii) ~~are assessed~~ Assess students prior to ~~certification~~ licensure to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's ~~expectations; expectations.~~

3. (iii) ~~continue to receive~~ Continue to provide students with preparation in applying formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student ~~improvement; and improvement.~~

4. (iv) ~~are prepared~~ Prepare students to integrate arts education across the curriculum.

d. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall evaluate and modify, as necessary, the academic requirements of teacher preparation programs for students preparing to teach science in middle and high schools to ensure that there is adequate preparation in issues related to science laboratory safety.

~~The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and to the extent possible shall be aligned with quality professional development programs that reflect State priorities for improving student achievement.~~

~~The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall reevaluate and enhance the requirements for renewal of teacher licenses. The State Board shall consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills. The State Board shall adopt new standards for the renewal of teacher licenses by May 15, 1998.~~

e. The standards for approval of institutions of teacher education shall require that teacher education programs for all students include demonstrated competencies in (i) the identification and education of children with disabilities and (ii) positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior.

f. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

g. All North Carolina institutions of higher education that offer teacher education programs, masters degree programs in education, or masters degree programs in school administration shall provide performance reports to the State Board of Education. The performance reports shall follow a common format, shall be

submitted according to a plan developed by the State Board, and shall include the information required under the plan developed by the State Board.

...

(c1) The State Board of Community Colleges may provide a program of study for lateral entry teachers to complete the coursework necessary to earn a teaching license. To this end, the State Board of Education, in consultation with the State Board of Community Colleges, shall establish a competency-based program of study for lateral entry teachers to be implemented within the Community College System no later than May 1, 2006. This program must meet standards set by the State Board of Education. To ensure that programs of study for lateral entry remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education shall do all of the following to ensure that lateral entry personnel are prepared to teach:

- ~~(i)(1)~~ (1) Provide adequate coursework in the teaching of reading and mathematics is available for lateral entry teachers seeking certification in elementary education; education.
- ~~(ii)(2)~~ (2) Assess lateral entry teachers are assessed prior to certification to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations; expectations.
- ~~(iii)(3)~~ (3) Prepare all lateral entry teachers continue to receive preparation in applying to apply formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement; and improvement.
- ~~(iv)(4)~~ (4) are prepared Prepare all lateral entry teachers to integrate arts education across the curriculum.
- (5) Require that lateral entry teachers demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

...."

SECTION 2. G.S. 115C-284 is amended by adding a new subsection to read:

"(c3) The State Board of Education shall require that all students in school administrator preparation programs demonstrate competencies in (i) using digital and other instructional technologies and (ii) supporting teachers and other school personnel to use digital and other instructional technologies to ensure provision of high-quality, integrated digital teaching and learning to all students. The State Board of Education shall include continuing education in high-quality, integrated digital teaching and learning as a requirement of licensure renewal."

SECTION 3. The State Board of Education shall develop digital teaching and learning competencies to provide a framework for schools of education, school administrators, and classroom teachers on the needed skills to provide high-quality, integrated digital teaching and learning.

SECTION 4. Sections 1 and 2 of this act become effective July 1, 2017, and apply beginning with the 2017-2018 school year. Section 3 is effective when this act becomes law.
In the General Assembly read three times and ratified this the 13th day of March, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 2:43 p.m. this 15th day of March, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-12
HOUSE BILL 44**

AN ACT STATING THE INTENT OF THE GENERAL ASSEMBLY TO TRANSITION FROM FUNDING TEXTBOOKS TO FUNDING DIGITAL LEARNING IN THE PUBLIC SCHOOLS, AS RECOMMENDED BY THE LEGISLATIVE RESEARCH COMMISSION STUDY COMMITTEE ON DIGITAL LEARNING ENVIRONMENTS IN PUBLIC SCHOOLS.

Whereas, local school administrative units (LEAs) have used a number of approaches to provide or access digital learning devices; and

Whereas, these approaches include the diversion and restructuring of current funding, use of private grants, parental contributions, local funding, and "bring-your-own-device" policies; and

Whereas, educational materials in the form of digital textbooks and instructional resources have also become increasingly available and can benefit North Carolina students in elementary, middle, and high school grades by providing high-quality, up-to-date information that can be customized for individual students throughout their educational experience; and

Whereas, LEAs may currently use textbook funding for digital instructional materials and digital textbooks; and

Whereas, digital textbooks and instructional resources have proven to be tools that, when used effectively, can raise the level of academic performance of the State's students; and

Whereas, the use of online and blended courses can provide greater access to courses for students in subject areas that might otherwise be unavailable in many regions of the State; and

Whereas, online courses and blended instruction may also provide students with opportunities for credit recovery, earning college credit, and coursework in career and technical education; and

Whereas, LEAs should explore the competitive environment for innovative practices, including virtual learning, that blend technology, digital devices, online learning, and traditional resources in classroom instruction; and

Whereas, LEAs should implement available and appropriate high-quality virtual, digital, and instructional resources that align with the curriculum; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. It is the intent of the General Assembly to transition from funding for textbooks, both traditional and digital, to funding for digital materials, including textbooks and instructional resources, to provide educational resources that remain current, aligned with curriculum, and effective for all learners by 2017.



SECTION 2. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 11th day of March,
2013.

s/ Daniel J. Forest
President of the Senate

s/ Paul Stam
Speaker Pro Tempore of the House of Representatives

s/ Pat McCrory
Governor

Approved 2:44 p.m. this 15th day of March, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-234
HOUSE BILL 56

AN ACT TO ESTABLISH THE CONTRACT MANAGEMENT SECTION OF THE DIVISION OF PURCHASE AND CONTRACT, DEPARTMENT OF ADMINISTRATION, TO AMEND THE LAWS REQUIRING NEGOTIATION AND REVIEW OF CERTAIN STATE CONTRACTS, TO PROVIDE OVERSIGHT AND REPORTING OF CERTAIN CONTRACT AWARDS, AND TO PROVIDE FOR CONTRACT MANAGEMENT AND ADMINISTRATION, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 114-8.3 reads as rewritten:

"§ 114-8.3. Attorney General/General Counsel; to review certain contracts.

(a) Except as provided in ~~subsection~~ subsections (b) and (b1) of this section, the Attorney General or the Attorney General's designee shall perform the duties required pursuant to G.S. 143-49(3a) for review all proposed contracts for supplies, materials, printing, equipment, and contractual services that exceed one five million dollars (\$1,000,000) (\$5,000,000). The designee shall confirm to ensure that the proposed contracts are (i) in proper legal form, (ii) contain all clauses required by North Carolina law, (iii) are legally enforceable, and (iv) accomplish the intended purposes of the proposed contract. The term "review" as used in this section shall designee's review does not constitute approval or disapproval of the policy merit or lack thereof of the proposed contract. For purposes of this subsection, the term "Attorney General's designee" shall include includes any attorney approved by the Attorney General to review contracts as provided in this subsection. The Attorney General/General shall:

- (1) Establish procedures regarding the review of contracts subject to this section and shall provide any attorney designated under G.S. 143-49(3a) with guidelines to be used in reviewing contracts, shall require that any attorney designated under this subsection comply with any rules established by the Attorney General or the Department of Administration regarding the review of contracts.
- (2) Advise and assist the Contract Management Section of the Division of Purchase and Contract, Department of Administration, in establishing procedures and guidelines for the review of contracts pursuant to G.S. 143-50.1.

(b) For the constituent institutions of The University of North Carolina, the General Counsel of each institution or the General Counsel's designee shall review all proposed contracts for supplies, materials, printing, equipment, and contractual services that exceed one million dollars (\$1,000,000) to ensure that the proposed contracts are (i) in proper legal form, (ii) contain all clauses required by North Carolina law, (iii) are legally enforceable, and (iv) accomplish the intended purposes of the proposed contract. The term "review" as used in this section ~~shall does not~~ constitute approval or disapproval of the policy merit or lack thereof of the proposed contract. For purposes of this subsection, the term "General Counsel's designee" ~~shall include includes~~ any attorney approved by the General Counsel to review contracts as provided in this subsection. The General Counsel shall establish procedures regarding the review of contracts subject to this section and shall require that any attorney designated under this subsection comply with any rules-procedures established by the Attorney General or the Department of Administration regarding the review of contracts.

(b1) The General Counsel of the Department of State Treasurer or the General Counsel's designee shall review all proposed investment contracts, as defined in subdivision (4) of this



subsection, and all proposed contracts for investment-related services entered pursuant to the State Treasurer's authority under G.S. 147-69.3 not constituting consulting contracts, to confirm that the proposed contracts (i) are in proper legal form, (ii) contain all clauses required by North Carolina law, (iii) are legally enforceable to the extent governed by North Carolina law, and (iv) accomplish the intended purposes of the proposed contract. The General Counsel shall establish, in consultation with the Attorney General and the Department of Administration, procedures regarding the review of contracts subject to this subsection. The following terms and requirements apply to contracts under this subsection:

- (1) The term "review" as used in this section does not constitute approval or disapproval of the policy merit or lack thereof of the proposed contract.
- (2) The term "General Counsel's designee" includes any attorney employed or retained by the General Counsel to review contracts as provided in this subsection.
- (3) Any contract for services reviewed pursuant to this subsection must include the signature of the General Counsel or the General Counsel's designee confirming that the Department of State Treasurer has adhered to the procedures established by the General Counsel regarding the review of the contract. Except for a contract entered into as part of direct trading of bonds, instruments, equity securities, or other approved securities, a contract that has not been signed as required by this subdivision is voidable by the State, and any party or parties to the contract are entitled to receive the value of services rendered prior to the termination of the contract.
- (4) For the purposes of this subsection, "investment contract" means any of the following:
 - a. Investments to be acquired, held, or sold, directly or indirectly, by or for the State Treasurer, the Department of State Treasurer, or an investment entity created by the Department of State Treasurer, either on its own behalf or on behalf of another beneficial owner.
 - b. Investments administered by the North Carolina Supplemental Retirement Board of Trustees.

(c) All State agencies, the constituent institutions of The University of North Carolina, or any person who will be entering into a contract on behalf of the State for supplies, materials, printing, equipment, or contractual services that exceeds one million dollars (\$1,000,000) shall notify the Secretary of the Department of Administration or the Secretary's designee of the intent to enter into the contract and provide information as required by the Department for the purposes of maintaining a centralized log of contracts and identifying the location of the contract documents."

SECTION 2. G.S. 143-49 reads as rewritten:

"§ 143-49. Powers and duties of Secretary.

The Secretary of Administration shall have has the power and authority, and it ~~shall be his~~ is the Secretary's duty, subject to the provisions of this Article:

- ...
- (3a) To request, notify and the Attorney General of pending contracts for contractual services exceeding a cost of five million dollars (\$5,000,000) and that are not otherwise excepted by this subdivision. Upon notification, the Attorney General shall assign a representative ~~of~~ from within the office of the Attorney General, the Contract Management Section of the Division of Purchase and Contract, Department of Administration, or other qualified counsel to assist in negotiation for the award of ~~any~~ the contract. ~~contract for contractual services exceeding a cost of one hundred thousand dollars (\$100,000) that requires negotiation with prospective contractors. It shall be~~ is the duty of ~~such~~ the representative to assist and advise in obtaining the most favorable contract for the State, to evaluate all proposals available from prospective contractors for that purpose, to interpret proposed contract terms and to advise the Secretary or his representatives of the liabilities of the State and validity of the contract to be awarded. An attorney from within the office of the Attorney General shall review all All contracts and drafts of ~~such contracts shall be prepared by the office of the Attorney General~~ contracts, and the office shall retain copies thereof shall be retained

~~by such office for a period of three years following the termination of such the contracts. The term "contractual services" as used in this subsection and G.S. 143-52.2 shall mean means work performed by an independent contractor requiring specialized knowledge, experience, expertise or similar capabilities wherein the service rendered does not consist primarily of acquisition by this State of equipment or materials and the rental of equipment, materials and supplies. The term "negotiation" as used in this~~
This subdivision shall does not apply be deemed to refer to contracts entered into or to be entered into as a result of a competitive bidding process. In order to be valid, any contract for services reviewed pursuant to this subdivision must include the signature and title of the attorney designated from within the office of the Attorney General to review the contract. If the contract commences without the required signature, the State has the right to terminate the contract, and the other party or parties to the contract shall only be entitled to the value of all services provided to the State prior to the termination. The Secretary is not required to notify the Attorney General for the appointment of a representative for any contracts for contractual services to be entered into by the constituent institutions of The University of North Carolina pursuant to G.S. 114-8.3(b), or for contracts to be entered into by the Department of Treasurer pursuant to G.S. 114-8.3(b1), unless requested to do so by the General Counsel of The University of North Carolina or the General Counsel of the Department of State Treasurer, respectively.

...
(13) ~~To implement a quality management system equivalent to the International Organization for Standardization (ISO) 9001:2008 to ensure that citizen and agency customer requirements are met. By September 1, 2012, and more frequently as requested, the Secretary shall report to the Joint Legislative Commission on Governmental Operations, the Program Evaluation Division, and the Fiscal Research Division concerning the progress of the Department's effort to comply with the provisions of this subdivision.~~

...
(16) To work in conjunction with the University of North Carolina School of Government to study and recommend improvements to State procurement laws, including the feasibility of adopting the provisions of the American Bar Association Model Procurement Code. The recommendations shall be reported by the Secretary to the Joint Legislative Commission on Governmental Operations and the Program Evaluation Division by June 30, 2014.

...."

SECTION 3. Article 3 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-50.1. Division of Purchase and Contract; Contract Management Section.

(a) The Contract Management Section (CMS) is established in the Division of Purchase and Contract, Department of Administration. The CMS shall include legal counsel with the duties and responsibilities included in this section.

(b) Unless otherwise provided in G.S. 114-8.3(b) or (b1), or in this section, for all proposed solicitations for supplies, materials, printing, equipment, or contractual services that exceed one million dollars (\$1,000,000), the CMS shall:

- (1) Participate and assist in the preparation of all proposed solicitations, and review all available proposals from prospective contractors, with the goal of obtaining the most favorable contract for the State.
- (2) Interpret proposed contract terms and advise the Secretary or the Secretary's designee of the potential liabilities to the State.
- (3) Review all proposed contracts to ensure that the contracts:
 - a. Are in proper legal form.
 - b. Contain all clauses required by law.
 - c. Are legally enforceable.
 - d. Require performance that will accomplish the intended purposes of the proposed contract.

The review and evaluation required by this subsection does not constitute approval or disapproval of the policy merit or lack thereof of the proposed contract.

(c) With respect to proposed contracts for services that exceed five million dollars (\$5,000,000), the CMS shall perform the duties required under G.S. 143-49(3a).

(d) The CMS shall:

- (1) Assist State departments, agencies, and institutions to establish formal contract administration procedures and functions.
- (2) Advise personnel in contracting specialist roles as to appropriate contract management and administrative techniques and activities.
- (3) Act as a general resource to State agencies on contracting issues related to procurement, including contract drafting, clarification of terms and conditions, proper solicitation and bid evaluation procedures, contract negotiation, and other matters as directed by the State Purchasing Officer.
- (4) Assist representatives of the Attorney General, agency counsel, and other legal staff, as requested, in matters related to contracting for goods and services.

(e) The Department of Administration shall adopt procedures for the record keeping of the information provided by State agencies and that has been received by the Secretary or the Secretary's designee pursuant to G.S. 114-8.3(c). The Department shall keep the records, and shall include a log with information that provides identification of individual contracts and where the contract documents are located. The Secretary is authorized to require that entities reporting pursuant to G.S. 114-8.39(c) provide additional information that may be required to identify the individual contracts.

(f) The CMS shall consist of personnel designated by the Secretary and perform other functions as directed by the Secretary that are not inconsistent with this section."

SECTION 4. G.S. 143-52.1 reads as rewritten:

"§ 143-52.1. Board of Awards. Award recommendations; State Purchasing Officer action.

(a) Award Recommendation. – When the dollar value of a contract to be awarded under Article 3 of Chapter 143 of the General Statutes exceeds the benchmark established pursuant to G.S. 143-53.1, an award recommendation shall be submitted to the State Purchasing Officer for approval or other action. The State Purchasing Officer shall promptly notify the agency or institution making the recommendation, or for which the purchase is to be made, of the action taken. There is created the Board of Awards. The Board shall consist of three members at a time, appointed by the Chair of the Commission. Members of the Board shall be appointed on a rotating basis from the membership of the Commission and the Council of State. Two out of three members appointed for each meeting of the Board shall constitute a quorum of the Board.

(b) The Board shall meet weekly as called by the Chair of the Commission, except in weeks when no contracts have been submitted to the Board for review.

(c) When the dollar value of a contract exceeds the benchmark established either pursuant to G.S. 143-53.1 or G.S. 147-33.101, the Board shall review and make a recommendation on action to be taken by the Secretary of Administration on contracts to be awarded under Article 3 of Chapter 143 of the General Statutes and on contracts to be awarded by the Chief Information Officer under Article 3D of Chapter 147 of the General Statutes, prior to the awarding of the contract.

(d) The State Budget Officer shall designate a secretary for the Board. The Secretary of Administration and the State Chief Information Officer shall each submit their matters for consideration to the secretary for inclusion on the Board's agenda. Records shall be kept of each meeting and made public by the Secretary of Administration or State Chief Information Officer, as applicable unless the Secretary of Administration or State Chief Information Officer, as applicable, determines a specific record of the meeting needs to be confidential due to the nature of the contract. The Secretary of Administration or State Chief Information Officer, as applicable, may elect to proceed with the award of a contract without a recommendation of the Board in cases of emergencies or in the event that a Board is not available. In those cases, contracts awarded without Board review shall be reported to the next meeting of the Board as a matter of record.

(e) Reporting. – Reports on recommendations made by the Board on matters presented by the State Chief Information Officer to the Board shall be reported monthly by the Board. The State Procurement Officer shall provide a monthly report of all contract awards greater than

~~Contract to the chairs of the Joint Legislative Oversight Committee on Information Technology. Cochairs of the Joint Legislative Committee on Governmental Operations. The report shall include the amount of the award, the award recipient, the using agency, and a short description of the nature of the award."~~

SECTION 5. G.S. 147-33.101 reads as rewritten:

"§ 147-33.101. Board of Awards review. Award recommendation; State Chief Information Officer action.

(a) Award Recommendation. – When the dollar value of a contract for the procurement of information technology equipment, materials, and supplies exceeds the benchmark established by the State Chief Information Officer, an award recommendation shall be submitted to the State Chief Information Officer for approval or other action. The State Chief Information Officer shall promptly notify the agency or institution making the recommendation, or for which the purchase is to be made, of the action taken. ~~the contract shall be reviewed by the Board of Awards pursuant to G.S. 143-52.1 prior to the contract being awarded.~~

(b) Review. – ~~Prior to submission of any contract for review by the Board of Awards pursuant to this section for~~ of any contract for information technology being acquired for the benefit of the Office and not on behalf of any other State agency, the Director of the Budget shall review and approve the procurement to ensure compliance with the established processes, specifications, and standards applicable to all information technology purchased, licensed, or leased in State government, including established procurement processes, and compliance with the State government wide technical architecture as established by the State CIO.

(c) Reporting. – The State CIOs shall provide a report of all contract awards approved through the Statewide IT Procurement Office as indicated below. The report shall include the amount of the award, the contract term, the award recipient, the using agency, and a short description of the nature of the award.

(1) For contract awards greater than twenty-five thousand dollars (\$25,000), to the Cochairs of the Joint Legislative Oversight Committee on Information Technology on a monthly basis.

(2) For all contract awards outside the established purchasing system, to the Secretary of the Department of Administration on a quarterly basis."

SECTION 6. G.S. 116-13(a) reads as rewritten:

"(a) The power and authority granted to the Board of Governors with regard to the acquisition, operation, maintenance and disposition of real and personal property and services shall be subject to, and exercised in accordance with, the provisions of Chapters 143 and 146 of the General Statutes and related sections of the North Carolina Administrative Code, except when a purchase is being made that is not covered by a State term contract and either:

(1) The funds used to procure personal property or services are not moneys appropriated from the General Fund or received as tuition or, in the case of multiple fund sources, moneys appropriated from the General Fund or received as tuition do not exceed thirty percent (30%) of the total funds; or

(2) The funds used to procure personal property or services are contract and grant funds or, in the case of multiple fund sources, the contract and grant funds exceed fifty percent (50%) of the total funds.

When a special responsibility constituent institution makes a purchase under subdivision (1) or (2) of this subsection, the requirements of Chapter 143, Article 3 shall apply, except the approval or oversight of the Secretary of Administration, ~~Administration or the State Purchasing Officer, or the Board of Awards Officer shall not be~~ is not required, regardless of dollar value."

SECTION 7. G.S. 120-36.6 reads as rewritten:

"§ 120-36.6. Legislative Fiscal Research staff participation.

The Legislative Services Officer shall designate a member of the Fiscal Research staff, and a member of the General Research or Bill Drafting staff who may attend all meetings of the ~~Board of Awards and Council of State, unless the Board or Council has voted to exclude them from the specific meeting, provided that no final action may be taken while they are so excluded. The Legislative Services Officer and the Director of Fiscal Research shall be notified of all such meetings, hearings and trips in the same manner and at the same time as notice is given to members of the Board or Council. The Legislative Services Officer and the Director of Fiscal Research shall be provided with a copy of all reports, memoranda, and~~ 209

informational material which are distributed to the members of the ~~Board or Council~~; these reports, memoranda and materials shall be delivered to the Legislative Services Officer and the Director of Fiscal Research at the same time that they are distributed to the members of the ~~Board or Council~~."

SECTION 8. G.S. 143-52(a) reads as rewritten:

"(a) The Secretary of Administration shall compile and consolidate all ~~such~~ estimates of goods and services needed and required by State departments, institutions and agencies to determine the total requirements of any given commodity. Where ~~such~~ the total requirements will involve an expenditure in excess of the expenditure benchmark established under the provisions of G.S. 143-53.1 and where the competitive bidding procedure is employed as hereinafter provided, sealed bids shall be solicited by advertisement in a newspaper widely distributed in this State or through electronic means, or both, as determined by the Secretary to be most advantageous, at least once and at least 10 days prior to the date designated for opening. Except as otherwise provided under this Article, contracts for the purchase of goods and services shall be based on competitive bids and suitable means authorized by the Secretary as provided in G.S. 143-49. The acceptance of bid(s) most advantageous to the State shall be determined upon consideration of the following criteria: prices offered; best value, as the term is defined in G.S. 143-135.9(a)(1); the quality of the articles offered; the general reputation and performance capabilities of the bidders; the substantial conformity with the specifications and other conditions set forth in the request for bids; the suitability of the articles for the intended use; the personal or related services needed; the transportation charges; the date or dates of delivery and performance; and such other factor(s) deemed pertinent or peculiar to the purchase in question, which if controlling shall be made a matter of record. Competitive bids on ~~such~~ contracts shall be received in accordance with rules and regulations to be adopted by the Secretary of Administration, which rules and regulations shall prescribe for the manner, time and place for proper advertisement for such bids, the time and place when bids will be received, the articles for which such bids are to be submitted and the specifications prescribed for ~~such~~ the articles, the number of the articles desired or the duration of the proposed contract, and the amount, if any, of bonds or certified checks to accompany the bids. Bids shall be publicly opened. Any and all bids received may be rejected. Each and every bid conforming to the terms of the invitation, together with the name of the bidder, shall be tabulated and that tabulation shall become public record in accordance with the rules adopted by the Secretary. All contract information shall be made a matter of public record after the award of contract. Provided, that trade secrets, test data and similar proprietary information may remain confidential. A bond for the faithful performance of any contract may be required of the successful bidder at bidder's expense and in the discretion of the Secretary of Administration. When the dollar value of a contract for the purchase, lease, or lease/purchase of goods exceeds the benchmark established by G.S. 143-53.1, the contract shall be reviewed by the ~~Board of Awards~~ State Purchasing Officer pursuant to G.S. 143-52.1 prior to the contract being awarded. After contracts have been awarded, the Secretary of Administration shall certify to the departments, institutions and agencies of the State government the sources of supply and the contract price of the goods so contracted for."

SECTION 9. G.S. 143-59(b) reads as rewritten:

"(b) Reciprocal Preference. – For the purpose only of determining the low bidder on all contracts for equipment, materials, supplies, and services valued over twenty-five thousand dollars (\$25,000), a percent of increase shall be added to a bid of a nonresident bidder that is equal to the percent of increase, if any, that the state in which the bidder is a resident adds to bids from bidders who do not reside in that state. Any amount due under a contract awarded to a nonresident bidder shall not be increased by the amount of the increase added by this subsection. On or before January 1 of each year, the Secretary of Administration shall electronically publish a list of states that give preference to in-State bidders and the amount of the percent increase added to out-of-state bids. All departments, institutions, and agencies of the State shall use this list when evaluating bids. If the reciprocal preference causes the nonresident bidder to no longer be the lowest bidder, the Secretary of Administration ~~may, after consultation with the Board of Awards, may~~ waive the reciprocal preference. In determining whether to waive the reciprocal preference, the Secretary of Administration ~~and the Board of Awards~~ shall consider factors that include competition, price, product origination, and available resources."

SECTION 11. The Department of Administration shall provide an individualized notice to the following State entities to ensure that the entities are aware of how the statutory amendments made in S.L. 2010-194, Section 15 of S.L. 2011-326, and this act apply to them:

- (1) The North Carolina State Lottery Commission, which is subject to G.S. 18C-150.
- (2) The Commissioner of Banks, who is subject to G.S. 53-320(d), 53-326(d), 53-391, and 53-401.
- (3) The Commissioner of Insurance, who is subject to G.S. 53-401, 58-33-30(e)(4) and (5), 58-33-125(e), 58-33-130(a), and 58-71-40(d).
- (4) The Global TransPark Authority, which is subject to G.S. 63A-24. The Secretary of Transportation shall be copied on the notice sent to the Global TransPark Authority.
- (5) The North Carolina State Bar Council, which is subject to G.S. 84-23(d).
- (6) The North Carolina Board for Licensing of Geologists, which is subject to G.S. 89E-5(e).
- (7) The North Carolina Board for Licensing of Soil Scientists, which is subject to G.S. 89F-5(d).
- (8) The constituent institutions of The University of North Carolina, which are subject to G.S. 114-8.3(b). For notification under this subdivision, the Department of Administration may provide The University of North Carolina system a notification to distribute to all of its constituent institutions. If the Department of Administration does so, The University of North Carolina system shall distribute those notifications to the system's constituent institutions.
- (9) The North Carolina Center for Applied Textile Technology, which is subject to G.S. 115D-67.4.
- (10) The North Carolina State Health Plan for Teachers and State Employees, which is subject to G.S. 135-48.33(b).
- (11) The Department of Transportation, which is subject to G.S. 136-28.1(h) and G.S. 143-134(b).
- (12) The North Carolina Turnpike Authority, which is subject to G.S. 136-89.194(g)(1). The Secretary of Transportation shall be copied on the notice sent to the Turnpike Authority.
- (13) The Department of Health and Human Services, which is subject to G.S. 143-48.1(c).
- (14) The Division of Adult Correction of the Department of Public Safety, which is subject to G.S. 143-134(b). The Secretary of Public Safety shall be copied on the notice sent to the Division of Adult Correction.
- (15) The North Carolina Code Officials Qualification Board, which is subject to G.S. 143-151.16(d). The Commissioner of Insurance shall be copied on the notice sent to the Code Officials Qualification Board.
- (16) The Roanoke Island Commission, which is subject to G.S. 143B-131.2(b)(15). The Secretary of Cultural Resources shall be copied on the notice sent to the Roanoke Island Commission.
- (17) Any other State entity subject to contract review under G.S. 114-8.3.

The Department of Administration, as part of its notice, shall provide a means by which an entity may acknowledge receipt and understanding of the notice. If the Department of Administration has not received an acknowledgement from a State entity within 30 days of sending the notice, the Department of Administration shall send a second notice. If the Department of Administration has not received an acknowledgement from a State entity within 30 days of sending the second notice, the Department of Administration shall notify (i) the Joint Legislative Program Evaluation Oversight Committee and (ii) the House Appropriations Subcommittee on General Government and the Senate Appropriations Committee on General Government and Information Technology.

SECTION 12. The Attorney General's Office, the Department of Administration, and the Office of the General Counsel for The University of North Carolina shall establish procedures to implement the provisions of this act no later than October 1, 2013.

SECTION 13. Sections 1 through 3 of this act become effective October 1, 2013, and apply to contracts entered into on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:32 a.m. this 3rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-235
HOUSE BILL 57**

AN ACT (1) TO PROHIBIT LOCAL SCHOOL ADMINISTRATIVE UNITS FROM ASSESSING INDIRECT COSTS TO A CHILD NUTRITION PROGRAM UNLESS THE PROGRAM IS FINANCIALLY SOLVENT AND (2) TO PROMOTE OPTIMAL PRICING FOR CHILD NUTRITION PROGRAM FOODS AND SUPPLIES, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE BASED ON RECOMMENDATIONS FROM THE PROGRAM EVALUATION DIVISION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-450 reads as rewritten:

"§ 115C-450. School food services.

(a) School food services shall be included in the budget of each local school administrative unit and the State Board of Education shall provide for school food services in the uniform budget format required by G.S. 115C-426.

(b) No local school administrative unit shall assess indirect costs to a child nutrition program unless the program has a minimum of one month's operating balance. One month's operating balance shall be derived from net cash resources divided by one month's operating costs. "Net cash resources" means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities. When calculating the average month's operating balance, the Department of Public Instruction shall use the complete and final figures obtained from the annual financial report from each child nutrition program's operation. An average month's operating balance shall be calculated and published by the Department of Public Instruction for each child nutrition program and shall be equal to the average of the three prior fiscal years' monthly operating balances. If complete and final financial reports for a given year are not yet available for a child nutrition program, the Department of Public Instruction may use projected figures but shall update the published average month's operating balance once complete and final financial reports become available. As used in this subsection, the term "indirect costs" is as defined in the United States Office of Budget and Management Circular A-87, as revised, and the term "net cash resources" is as defined in 7 C.F.R. § 210.2."

SECTION 2. The North Carolina Procurement Alliance shall promote optimal pricing for child nutrition program foods and supplies.



SECTION 3. This act becomes effective July 1, 2013.
In the General Assembly read three times and ratified this the 24th day of June,
2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:32 a.m. this 3rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-410
HOUSE BILL 92**

AN ACT TO MAKE TECHNICAL CORRECTIONS TO THE GENERAL STATUTES AND
SESSION LAWS, AS RECOMMENDED BY THE GENERAL STATUTES
COMMISSION, AND TO MAKE ADDITIONAL TECHNICAL AND OTHER
CHANGES TO THE GENERAL STATUTES AND SESSION LAWS.

The General Assembly of North Carolina enacts:

**PART I. TECHNICAL CORRECTIONS RECOMMENDED BY THE GENERAL
STATUTES COMMISSION**

SECTION 1. The title of Article 9 of Chapter 7A of the General Statutes reads as rewritten:

"Article 9.

District Attorneys and ~~Judicial~~ Prosecutorial Districts."

SECTION 2. G.S. 13-1 reads as rewritten:

"§ 13-1. Restoration of citizenship.

Any person convicted of a crime, whereby the rights of citizenship are forfeited, shall have such rights automatically restored upon the occurrence of any one of the following conditions:

- (1) The unconditional discharge of an inmate, of a probationer, or of a parolee by the ~~Division of Adult Correction of the Department of Public Safety;~~ agency of the State having jurisdiction of that person or of a defendant under a suspended sentence by the court.
- (2) The unconditional pardon of the offender.
- (3) The satisfaction by the offender of all conditions of a conditional pardon.
- (4) With regard to any person convicted of a crime against the United States, the unconditional discharge of such person by the agency of the United States having jurisdiction of such person, the unconditional pardon of such person or the satisfaction by such person of a conditional pardon.
- (5) With regard to any person convicted of a crime in another state, the unconditional discharge of such person by the agency of that state having jurisdiction of such person, the unconditional pardon of such person or the satisfaction by such person of a conditional pardon."

SECTION 3.(a) G.S. 14-17(a) reads as rewritten:

"(a) A murder which shall be perpetrated by means of a nuclear, biological, or chemical weapon of mass destruction as defined in G.S. 14-288.21, poison, lying in wait, imprisonment, starving, torture, or by any other kind of willful, deliberate, and premeditated killing, or which shall be committed in the perpetration or attempted perpetration of any arson, rape or a sex offense, robbery, kidnapping, burglary, or other felony committed or attempted with the use of a deadly weapon shall be deemed to be murder in the first degree, a Class A felony, and any person who commits such murder shall be punished with death or imprisonment in the State's prison for life without parole as the court shall determine pursuant to G.S. 15A-2000, except that any such person who was under 18 years of age at the time of the murder shall be punished ~~with imprisonment in the State's prison for life without parole.~~ in accordance with Part 2A of Article 81B of Chapter 15A of the General Statutes."

SECTION 3.(b) G.S. 15A-1340.17(c) reads as rewritten:

"(c) Punishments for Each Class of Offense and Prior Record Level; Punishment Chart Described. — The authorized punishment for each class of offense and prior record level is as specified in the chart below. Prior record levels are indicated by the Roman numerals placed



horizontally on the top of the chart. Classes of offense are indicated by the letters placed vertically on the left side of the chart. Each cell on the chart contains the following components:

- (1) A sentence disposition or dispositions: "C" indicates that a community punishment is authorized; "I" indicates that an intermediate punishment is authorized; "A" indicates that an active punishment is authorized; and "Life Imprisonment Without Parole" indicates that the defendant shall be imprisoned for the remainder of the prisoner's natural life.
- (2) A presumptive range of minimum durations, if the sentence of imprisonment is neither aggravated or mitigated; any minimum term of imprisonment in that range is permitted unless the court finds pursuant to G.S. 15A-1340.16 that an aggravated or mitigated sentence is appropriate. The presumptive range is the middle of the three ranges in the cell.
- (3) A mitigated range of minimum durations if the court finds pursuant to G.S. 15A-1340.16 that a mitigated sentence of imprisonment is justified; in such a case, any minimum term of imprisonment in the mitigated range is permitted. The mitigated range is the lower of the three ranges in the cell.
- (4) An aggravated range of minimum durations if the court finds pursuant to G.S. 15A-1340.16 that an aggravated sentence of imprisonment is justified; in such a case, any minimum term of imprisonment in the aggravated range is permitted. The aggravated range is the higher of the three ranges in the cell.

PRIOR RECORD LEVEL

	I 0-1 Pt	II 2-5 Pts	III 6-9 Pts	IV 10-13 Pts	V 14-17 Pts	VI 18+ Pts	
A	<u>Life Imprisonment Without Parole or Death</u> <u>With Parole or Without Parole, or Death,</u> as Established by Statute						
	A 240-300	A 276-345	A 317-397	A 365-456	A Life Imprisonment Without Parole	A	DISPOSITION Aggravated
B1	192-240 144-192	221-276 166-221	254-317 190-254	292-365 219-292	336-420 252-336	386-483 290-386	PRESUMPTIVE Mitigated
	A 157-196	A 180-225	A 207-258	A 238-297	A 273-342	A 314-393	DISPOSITION Aggravated
B2	125-157 94-125	144-180 108-144	165-207 124-165	190-238 143-190	219-273 164-219	251-314 189-251	PRESUMPTIVE Mitigated
	A 73-92	A 83-104	A 96-120	A 110-138	A 127-159	A 146-182	DISPOSITION Aggravated
C	58-73 44-58	67-83 50-67	77-96 58-77	88-110 66-88	101-127 76-101	117-146 87-117	PRESUMPTIVE Mitigated
	A 64-80	A 73-92	A 84-105	A 97-121	A 111-139	A 128-160	DISPOSITION Aggravated
D	51-64 38-51	59-73 44-59	67-84 51-67	78-97 58-78	89-111 67-89	103-128 77-103	PRESUMPTIVE Mitigated
	I/A 25-31	I/A 29-36	A 33-41	A 38-48	A 44-55	A 50-63	DISPOSITION Aggravated
E	20-25 15-20	23-29 17-23	26-33 20-26	30-38 23-30	35-44 26-35	40-50 30-40	PRESUMPTIVE Mitigated
	I/A 16-20	I/A 19-23	I/A 21-27	A 25-31	A 28-36	A 33-41	DISPOSITION Aggravated
F	13-16 10-13	15-19 11-15	17-21 13-17	20-25 15-20	23-28 17-23	26-33 20-26	PRESUMPTIVE Mitigated
	I/A 13-16	I/A 14-18	I/A 17-21	I/A 19-24	A 22-27	A 25-31	DISPOSITION Aggravated
G	10-13 8-10	12-14 9-12	13-17 10-13	15-19 11-15	17-22 13-17	20-25 15-20	PRESUMPTIVE Mitigated
216	C/I/A	I/A	I/A	I/A	I/A	A	DISPOSITION

	6-8	8-10	10-12	11-14	15-19	20-25	Aggravated
H	5-6	6-8	8-10	9-11	12-15	16-20	PRESUMPTIVE
	4-5	4-6	6-8	7-9	9-12	12-16	Mitigated
	C	C/I	I	I/A	I/A	I/A	DISPOSITION
	6-8	6-8	6-8	8-10	9-11	10-12	Aggravated
I	4-6	4-6	5-6	6-8	7-9	8-10	PRESUMPTIVE
	3-4	3-4	4-5	4-6	5-7	6-8	Mitigated"

SECTION 4. G.S. 15A-145.5 reads as rewritten:

"§ 15A-145.5. Expunction of certain misdemeanors and felonies; no age limitation.

(a) For purposes of this section, the term "nonviolent misdemeanor" or "nonviolent felony" means any misdemeanor or felony except the following:

- (1) A Class A through G felony or a Class A1 misdemeanor.
- (2) An offense that includes assault as an essential element of the offense.
- (3) An offense requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, whether or not the person is currently required to register.
- (4) Any of the following sex-related or stalking offenses: G.S. 14-27.7A(b), 14-190.7, 14-190.8, 14-190.9, 14-202, 14-208.11A, 14-208.18, 14-277.3, 14-277.3A, 14-321.1.
- (5) Any felony offense in Chapter 90 of the General Statutes where the offense involves methamphetamines, heroin, or possession with intent to sell or deliver or sell and deliver cocaine.
- (6) An offense under G.S. 14-12.12(b), 14-12.13, or 14-12.14, or any offense for which punishment was determined pursuant to G.S. 14-3(c).
- (7) An offense under G.S. 14-401.16.
- (8) Any felony offense in which a commercial motor vehicle was used in the commission of the offense.

...

(c) A person may file a petition, in the court where the person was convicted, for expunction of a nonviolent misdemeanor or nonviolent felony conviction from the person's criminal record if the person has no other misdemeanor or felony convictions, other than a traffic violation, ~~and was convicted of a nonviolent misdemeanor or nonviolent felony that is eligible pursuant to subsection (b) of this section.~~ violation. The petition shall not be filed earlier than 15 years after the date of the conviction or when any active sentence, period of probation, and post-release supervision has been served, whichever occurs later. The petition shall contain, but not be limited to, the following:

- (1) An affidavit by the petitioner that the petitioner has been of good moral character since the date of conviction for the nonviolent misdemeanor or nonviolent felony and has not been convicted of any other felony or misdemeanor, other than a traffic violation, under the laws of the United States or the laws of this State or any other state.
- (2) Verified affidavits of two persons who are not related to the petitioner or to each other by blood or marriage, that they know the character and reputation of the petitioner in the community in which the petitioner lives and that the petitioner's character and reputation are good.
- (3) A statement that the petition is a motion in the cause in the case wherein the petitioner was convicted.
- (4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal history record check by the Department of Justice using any information required by the Administrative Office of the Courts to identify the individual, a search by the Department of Justice for any outstanding warrants on pending criminal cases, and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be forwarded to the Department of Justice and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

- (5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

Upon filing of the petition, the petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 30 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition. Upon good cause shown, the court may grant the district attorney an additional 30 days to file objection to the petition. The district attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the date of the hearing.

The presiding judge is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct since the conviction. The court shall review any other information the court deems relevant, including, but not limited to, affidavits or other testimony provided by law enforcement officers, district attorneys, and victims of crimes committed by the petitioner.

If the court, after hearing, finds that the petitioner has not previously been granted an expunction under this section, G.S. 15A-145, 15A-145.1, 15A-145.2, 15A-145.3, or 15A-145.4; the petitioner has remained of good moral character; the petitioner has no outstanding warrants or pending criminal cases; the petitioner has no other felony or misdemeanor convictions other than a traffic violation; the petitioner has no outstanding restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner; and the petitioner was convicted of an offense eligible for expunction under this section and was convicted of, and completed any sentence received for, the nonviolent misdemeanor or nonviolent felony at least 15 years prior to the filing of the petition, it may order that such person be restored, in the contemplation of the law, to the status the person occupied before such arrest or indictment or information. If the court denies the petition, the order shall include a finding as to the reason for the denial.

...."

SECTION 4.1. G.S. 19A-2, as amended by S.L. 2013-3, reads as rewritten:

"§ 19A-2. Purpose.

It shall be the purpose of this Article to provide a civil remedy for the protection and humane treatment of animals in addition to any criminal remedies that are available and it shall be proper in any action to combine causes of action against one or more defendants for the protection of one or more animals. A real party in interest as plaintiff shall be held to include any person even though the person does not have a possessory or ownership right in an animal; a real party in interest as defendant shall include any person who owns or has possession of an animal. Venue for any action filed under this ~~Chapter~~ Article shall only be in the county in ~~superior court~~ where any violation is alleged to have occurred."

SECTION 4.2. G.S. 20-171.19(a) reads as rewritten:

"(a) No person shall operate an all-terrain vehicle on a public street or highway or public vehicular area when such operation is otherwise permitted by law, unless the person wears eye protection and a safety helmet meeting United States Department of Transportation standards for motorcycle helmets."

SECTION 5. G.S. 20-183.2(a1) reads as rewritten:

"(a1) Safety Inspection Exceptions. – The following vehicles shall not be subject to a safety inspection pursuant to this Article:

- (1) Historic vehicles, as ~~defined~~ described in ~~G.S. 20-79.4(b)(63).~~ G.S. 20-79.4(b)(88).
- (2) Buses titled to a local board of education and subject to the school bus inspection requirements specified by the State Board of Education and G.S. 115C-248."

SECTION 6. G.S. 28A-2-6(e) reads as rewritten:

"(e) Rules of Civil Procedure. – Unless the clerk of superior court otherwise directs, ~~Rules 4.5, Rules 4, 5, 6(a), 6(d), 6(e), 18, 19, 20, 21, 24, 45, 56, and 65 of G.S. 1A-1, the Rules of Civil Procedure,~~ shall apply to estate proceedings. Upon motion of a party or the clerk of superior court, the clerk may further direct that any or all of the remaining Rules of Civil Procedure shall apply, including, without limitation, discovery rules; however, nothing in Rule 17 requires the appointment of a guardian ad litem for a party represented except as provided in

G.S. 28A-2-7. In applying these Rules to an estate proceeding pending before the clerk of superior court, the term "judge" shall mean "clerk of superior court.""

SECTION 6.1. G.S. 62-333 reads as rewritten:

"§ 62-333. Screening employment applications.

The Chief Personnel Officer or his designee ~~Officer, or that person's designee,~~ of any public utility franchised to do business in North Carolina shall be permitted to obtain from the State Bureau of Investigation a confidential copy of criminal history record information for screening an applicant for employment with or an employee of a utility or utility contractor where the employment or job to be performed falls within a class or category of positions certified by the North Carolina Utilities Commission as permitting or requiring access to nuclear power facilities or access to or control over nuclear material.

The State Bureau of Investigation shall charge a reasonable fee to defray the administrative costs of providing criminal history record information for purposes of employment application screening. The State Bureau of Investigation is authorized to retain fees charged pursuant to this section and to expend those fees in accordance with the ~~Executive Budget Act~~ State Budget Act for the purpose of discharging its duties under this section."

SECTION 7.(a) G.S. 74-54(b) reads as rewritten:

"(b) The applicant shall have the option of filing a separate bond for each operating permit or of filing a blanket bond covering all mining operations within the State for which the applicant holds a permit. The amount of each bond shall be based upon the area of affected land to be reclaimed under the approved reclamation plan or plans to which the bond pertains, less any area where reclamation has been completed and released from coverage by the Department, pursuant to G.S. 74-56, or based on any other criteria established by the ~~North Carolina Mining and Energy~~ Commission. The Department shall set the amount of the required bond in all cases, based upon a schedule established by the ~~North Carolina Mining and Energy~~ Commission."

SECTION 7.(b) G.S. 74-54.1(c) reads as rewritten:

"(c) The Department shall annually report on or before ~~1 September~~ September 1 to the Environmental Review Commission, the Fiscal Research Division, and the ~~North Carolina Mining and Energy~~ Commission on the cost of implementing this Article. The report shall include the fees established, collected, and disbursed under this section and any other information requested by the General Assembly or the Commission."

SECTION 7.(c) G.S. 74-67 reads as rewritten:

"§ 74-67. Exemptions.

The provisions of this Article shall not apply to those activities of the Department of Transportation, nor of any person, firm, or corporation acting under contract with ~~said the~~ Department of Transportation, on highway rights-of-way or borrow pits maintained solely in connection with the construction, repair, and maintenance of the public road systems of North Carolina; provided, that this exemption shall not become effective until the Department of Transportation shall have adopted reclamation standards applying to such activities and such standards have been approved by the ~~North Carolina Mining and Energy~~ Commission. The provisions of this Article shall not apply to mining on federal lands under a valid permit from the U.S. Forest Service or the U.S. Bureau of Land Management."

SECTION 8. G.S. 90B-3 reads as rewritten:

"§ 90B-3. Definitions.

The following definitions apply in this Chapter:

- (1) Board. – The North Carolina Social Work Certification and Licensure Board.
- (2) ~~Licensed Clinical Social Worker. – A person who is competent to function independently, who holds himself or herself out to the public as a social worker, and who offers or provides clinical social work services or supervises others engaging in clinical social work practice.~~
- (3) Certified Master Social Worker. – A person who is certified under this Chapter to practice social work as a master social worker and is engaged in the practice of social work.
- (4) Certified Social Work Manager. – A person who is certified under this Chapter to practice social work as a social work manager and is engaged in the practice of social work.

- (5) Certified Social Worker. – A person who is certified under this Chapter to practice social work as a social worker and is engaged in the practice of social work.
- (6) Clinical Social Work Practice. – The professional application of social work theory and methods to the biopsychosocial diagnosis, treatment, or prevention, of emotional and mental disorders. Practice includes, by whatever means of communications, the treatment of individuals, couples, families, and groups, including the use of psychotherapy and referrals to and collaboration with other health professionals when appropriate. Clinical social work practice shall not include the provision of supportive daily living services to persons with severe and persistent mental illness as defined in G.S. 122C-3(33a).
- (6a) Licensed Clinical Social Worker. – A person who is competent to function independently, who holds himself or herself out to the public as a social worker, and who offers or provides clinical social work services or supervises others engaging in clinical social work practice.
- (6b) Licensed Clinical Social Worker Associate. – A person issued an associate license to provide clinical social work services pursuant to G.S. 90B-7(f).
- (7) Practice of Social Work. – To perform or offer to perform services, by whatever means of communications, for other people that involve the application of social work values, principles, and techniques in areas such as social work services, consultation and administration, and social work planning and research.
- (8) Social Worker. – A person certified, licensed, or associate licensed by this Chapter or otherwise exempt under G.S. 90B-10."

SECTION 9. G.S. 115D-12 reads as rewritten:

"§ 115D-12. Each institution to have board of trustees; selection of trustees.

(a) Each community college established or operated pursuant to this Chapter shall be governed by a board of trustees consisting of 13 members, or of additional members if selected according to the special procedure prescribed by the third paragraph of this subsection, who shall be selected by the following agencies. No member of the General Assembly may be appointed to a local board of trustees for a community college.

Group One – four trustees, elected by the board of education of the public school administrative unit located in the administrative area of the institution. If there are two or more public school administrative units, whether city or county units, or both, located within the administrative area, the trustees shall be elected jointly by all of the boards of education of those units, each board having one vote in the election of each trustee, except as provided in G.S. 115D-59. No board of education shall elect a member of the board of education or any person employed by the board of education to serve as a trustee, however, any such person currently serving on a board of trustees shall be permitted to fulfill the unexpired portion of the trustee's current term.

Group Two – four trustees, elected by the board of commissioners of the county in which the institution is located. Provided, however, if the administrative area of the institution is composed of two or more counties, the trustees shall be elected jointly by the boards of commissioners of all those counties, each board having one vote in the election of each trustee. Provided, also, the county commissioners of the county in which the community college has established a satellite campus may elect an additional two members if the board of trustees of the community college agrees. No more than one trustee from Group Two may be a member of a board of county commissioners. Should the boards of education or the boards of commissioners involved be unable to agree on one or more trustees the senior resident superior court judge in the superior court district or set of districts as defined in G.S. 7A-41.1 where the institution is located shall fill the position or positions by appointment.

Group Three – four trustees, appointed by the Governor.

Group Four – the president of the student government or the chairman of the executive board of the student body of each community college established pursuant to ~~G.S. 115D-11~~ this Chapter shall be an ex officio nonvoting member of the board of trustees of each said institution.

(b) All trustees shall be residents of the administrative area of the institution for which they are selected or of counties contiguous thereto with the exception of members provided for in ~~G.S. 115D-12(a), Group Four, subsection (a) of this section, Group Four.~~

(b1) No person who has been employed full time by the community college within the prior 5 years and no spouse or child of a person currently employed full time by the community college shall serve on the board of trustees of that college.

(c) Vacancies occurring in any group for whatever reason shall be filled for the remainder of the unexpired term by the agency or agencies authorized to select trustees of that group and in the manner in which regular selections are made. Should the selection of a trustee not be made by the agency or agencies having the authority to do so within 60 days after the date on which a vacancy occurs, whether by creation or expiration of a term or for any other reason, the Governor shall fill the vacancy by appointment for the remainder of the unexpired term."

SECTION 9.1. G.S. 116-201(b)(1) reads as rewritten:

"(1) "Article" or "this Article" means ~~this article 23~~ Article 23 of Chapter 116 of the General Statutes of North Carolina, presently comprising G.S. 116-201 through 116-209.24; Carolina."

SECTION 10. G.S. 120-12.1 reads as rewritten:

"§ 120-12.1. Reports on vacant positions in the Judicial Department and ~~three two other~~ departments.

The Judicial Department, the Department of Justice, and the Department of Public Safety shall each report by February 1 of each year to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on all positions within that department that have remained vacant for 12 months or more. The report shall include the original position vacancy dates, the dates of any postings or repostings of the positions, and an explanation for the length of the vacancies."

SECTION 11. G.S. 122C-22(a) reads as rewritten:

"(a) ~~The~~ All of the following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

- (1) Physicians and psychologists engaged in private office ~~practice;~~ practice.
- (2) General hospitals licensed under Article 5 of Chapter 131E of the General Statutes, that operate special units for the mentally ill, developmentally disabled, or substance ~~abusers;~~ abusers.
- (3) State and federally operated ~~facilities;~~ facilities.
- (4) Adult care homes licensed under Chapter 131D of the General ~~Statutes;~~ Statutes.
- (5) Developmental child care centers licensed under Article 7 of Chapter 110 of the General ~~Statutes;~~ Statutes.
- (6) Persons subject to licensure under rules of the Social Services ~~Commission;~~ Commission.
- (7) Persons subject to rules and regulations of the Division of Vocational Rehabilitation ~~Services;~~ Services.
- (8) Facilities that provide occasional respite care for not more than two individuals at a time; provided that the primary purpose of the facility is other than as defined in ~~G.S. 122C-3(14);~~ G.S. 122C-3(14).
- (9) Twenty-four-hour nonprofit facilities established for the purposes of shelter care and recovery from alcohol or other drug addiction through a 12-step, self-help, peer role modeling, and self-governance ~~approach;~~ approach.
- (10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Division of Adult Correction of the Department of Public Safety, as described in ~~G.S. 148-19.1;~~ and G.S. 148-19.1.
- (11) A charitable, nonprofit, faith-based, adult residential treatment facility that does not receive any federal or State funding and is a religious organization exempt from federal income tax under section 501(a) of the Internal Revenue ~~Code;~~ [and] Code.
- (12) A home in which up to three adults, two or more having a disability, co-own or co-rent a home in which the persons with disabilities are receiving ~~three~~ **three**

or more hours of day services in the home or up to 24 hours of residential services in the home. The individuals who have disabilities cannot be required to move if the individuals change services, change service providers, or discontinue services."

SECTION 12. G.S. 136-89.210(1) reads as rewritten:

"(1) ~~Reserved.~~"

SECTION 12.1. The catchline of G.S. 143B-721 reads as rewritten:

"§ 143B-721. Post-Release Supervision and Parole Commission – members; selection; removal; ~~chairman; chair; compensation; quorum; services.~~"

SECTION 13. G.S. 143B-1100(a) reads as rewritten:

"(a) There is hereby created the Governor's Crime Commission of the Department of Public Safety. The Commission shall consist of ~~36~~37 voting members and ~~six~~five nonvoting members. The composition of the Commission shall be as follows:

(1) The voting members shall be:

- a. The Governor, the Chief Justice of the Supreme Court of North Carolina (or the Chief Justice's designee), the Attorney General, the Director of the Administrative Office of the Courts, the Secretary of the Department of Health and Human Services, the Secretary of Public Safety (or the Secretary's designee), and the Superintendent of Public Instruction;
- b. A judge of superior court, a judge of district court specializing in juvenile matters, a chief district court judge, a clerk of superior court, and a district attorney;
- c. A defense attorney, three sheriffs (one of whom shall be from a "high crime area"), three police executives (one of whom shall be from a "high crime area"), eight citizens (two with knowledge of juvenile delinquency and the public school system, two of whom shall be under the age of 21 at the time of their appointment, one advocate for victims of all crimes, one representative from a domestic violence or sexual assault program, one representative of a "private juvenile delinquency program," and one in the discretion of the Governor), three county commissioners or county officials, and three mayors or municipal officials;
- d. Two members of the North Carolina House of Representatives and two members of the North Carolina Senate.

(2) The nonvoting members shall be the Director of the State Bureau of Investigation, the Deputy Director of the Division of Juvenile Justice of the Department of Public Safety who is responsible for Intervention/Prevention programs, the Deputy Director of the Division of Juvenile Justice of the Department of Public Safety who is responsible for Youth Development programs, the Section Chief of the Section of Prisons of the Division of Adult Correction and the Section Chief of the Section of Community Corrections of the Division of Adult Correction."

SECTION 14.(a) G.S. 163-82.12 reads as rewritten:

"§ 163-82.12. Promulgation of guidelines relating to computerized voter registration.

The State Board of Elections shall make all guidelines necessary to administer the statewide voter registration system established by this Article. All county boards of elections shall follow these guidelines and cooperate with the State Board of Elections in implementing guidelines. These guidelines shall include provisions for all of the following:

- ...
- (8b) Notifying voter-registration applicants whose drivers license or last four digits of social security number does not result in a validation, attempting to resolve the discrepancy, initiating investigations under G.S. 163-33(3) or challenges under Article 8 of this Chapter where warranted, and notifying any voters of the requirement under ~~G.S. 163-166.2(b2)~~G.S. 163-166.12(b2) to present identification when voting.
-"

SECTION 14.(b) G.S. 163-166.12 reads as rewritten:

222§ 163-166.12. Requirements for certain voters who register by mail.

(a) **Voting in Person.** – An individual who has registered to vote by mail on or after January 1, 2003, and has not previously voted in an election that includes a ballot item for federal office in North Carolina, shall present to a local election official at a voting place before voting there one of the following:

- (1) A current and valid photo identification.
- (2) A copy of one of the following documents that shows the name and address of the voter: a current utility bill, bank statement, government check, paycheck, or other government document.

(b) **Voting Mail-In Absentee.** – An individual who has registered to vote by mail on or after January 1, 2003, and has not previously voted in an election that includes a ballot item for federal office in North Carolina, in order to cast a mail-in absentee vote, shall submit with the mailed-in absentee ballot one of the following:

- (1) A copy of a current and valid photo identification.
- (2) A copy of one of the following documents that shows the name and address of the voter: a current utility bill, bank statement, government check, paycheck, or other government document.

(b1) **Notation of Identification Proof.** – The county board of elections shall note the type of identification proof submitted by the voter under the provisions of subsection (a) or (b) of this section and may dispose of the tendered copy of identification proof as soon as the type of proof is noted in the voter registration records.

(b2) **Voting When Identification Numbers Do Not Match.** – Regardless of whether an individual has registered by mail or by another method, if the individual has provided with the registration form a drivers license number or last four digits of a Social Security number but the computer validation of the number as required by G.S. 163-82.12 did not result in a match, and the number has not been otherwise validated by the board of elections, in the first election in which the individual votes that individual shall submit with the ballot the form of identification described in subsection (a) or subsection (b) of this section, depending upon whether the ballot is voted in person or absentee. If that identification is provided and the board of elections does not determine that the individual is otherwise ineligible to vote a ballot, the failure of identification numbers to match shall not prevent that individual from registering to vote and having that individual's vote counted. If the individual registers and votes under G.S. 163-82.6A, the identification documents required in that section, rather than those described in subsection (a) or (b) of this section, apply.

(c) **The Right to Vote Provisionally.** – If an individual is required under subsection (a), (b), or (b2) of this section to present identification in order to vote, but that individual does not present the required identification, that individual may vote a provisional official ballot. If the voter is at the voting place, the voter may vote provisionally there without unnecessary delay. If the voter is voting by mail-in absentee ballot, the mailed ballot without the required identification shall be treated as a provisional official ballot.

(d) **Exemptions.** – This section does not apply to any of the following:

- (1) An individual who registers by mail and submits as part of the registration application either of the following:
 - a. A copy of a current and valid photo identification.
 - b. A copy of one of the following documents that shows the name and address of the voter: a current utility bill, bank statement, government check, paycheck, or other government document.
- (2) An individual who registers by mail and submits as part of the registration application the individual's drivers license number or at least the last four digits of the individual's social security number where an election official matches either or both of the numbers submitted with an existing State identification record bearing the same number, name, and date of birth contained in the submitted registration. If any individual's number does not match, the individual shall provide identification as required in subsection (b2) of this section in the first election in which the individual votes.
- (3) An individual who is entitled to vote by absentee ballot under the Uniformed and Overseas Citizens Absentee Voting Act.
- (4) An individual who is entitled to vote otherwise than in person under section 3(b)(2)(B)(ii) of the Voting Accessibility for the Elderly and Handicapped Act.

- (5) An individual who is entitled to vote otherwise than in person under any other federal law."

SECTION 15. The introductory language of Section 5 of S.L. 2012-11 reads as rewritten:

"**SECTION 5.** ~~G.S. 160A-60(a)~~ G.S. 160A-58.60(a) reads as rewritten:"

SECTION 16. The introductory language of Section 2(b) of S.L. 2012-120 reads as rewritten:

"**SECTION 2.(b)** ~~G.S. 140-3.15(e)~~ G.S. 140-5.13(g) reads as rewritten:"

SECTION 16.1. Section 1(b) of S.L. 2013-1 reads as rewritten:

"**SECTION 1.(b)** The State Board of Education shall make high school diploma endorsements, as provided under this section, available to students graduating from high school beginning with the 2014-2015 school year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the progress toward establishing specific college and career endorsements for high school diplomas and for awarding these endorsements by February 1, 2014. The State Board of Education shall submit the report on the impact of awarding the high school endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates by September 1, 2016, and annually thereafter."

SECTION 16.2. The introductory language of Section 2 of S.L. 2013-26 reads as rewritten:

"**SECTION 2.** Article II of Chapter 5 of the Charter of the City of ~~Charlotte~~ Charlotte, being S.L. 2000-26, is amended by adding the following new section:"

SECTION 16.3. The introductory language of Section 3 of S.L. 2013-55 reads as rewritten:

"**SECTION 3.** ~~G.S. 47-29~~ G.S. 47-29.1 is amended by adding a new subsection to read:"

PART II. OTHER TECHNICAL AMENDMENTS

SECTION 17.(a) G.S. 15-11.2(f), as amended by Section 2 of S.L. 2013-158, reads as rewritten:

"(f) Disbursement of Proceeds of Sale. – If the law enforcement agency sells the firearm pursuant to subdivision (2) of ~~subsection (e)~~ subsection (d) of this section, then the proceeds of the sale shall be retained by the law enforcement agency and used for law enforcement purposes. The receiving law enforcement agency shall maintain a record and inventory of all firearms received pursuant to this section, as well as the disposition of the firearm, including any funds received from a sale of a firearm or any firearms or other property received in exchange or trade of a firearm."

SECTION 17.(b) This section becomes effective September 1, 2013.

SECTION 18.(a) G.S. 20-28.2(a1)(2), as amended by Section 1 of S.L. 2013-243, reads as rewritten:

"(2) Innocent Owner. – A motor vehicle owner:

...

- e. Who is (i) a rental car company as defined in ~~G.S. 66-201(a)~~, G.S. 66-201(a) and the vehicle was driven by a person who is not listed as an authorized driver on the rental ~~agreement~~, agreement as defined in G.S. 66-201; or (ii) ~~is a rental car company as defined in G.S. 66-201(a)~~ and the vehicle was driven by a person who is listed as an authorized driver on the rental agreement as defined in G.S. 66-201 and if the offense resulting in seizure was an impaired driving offense, the rental car company has no actual knowledge of the revocation of the renter's drivers' license at the time the rental agreement is entered, or if the offense resulting in seizure was a felony speeding to elude arrest offense, the rental agreement expressly prohibits use of the vehicle while committing a felony; or

...."

SECTION 18.(b) This section becomes effective December 1, 2013.

SECTION 18.5. G.S. 90-113.75(c), as amended by S.L. 2013-152, reads as rewritten:

"(c) ~~An A~~ A person or entity permitted access to data under this Article that, in good faith, ~~224~~ makes a report or transmits data required or allowed by this Article is immune from civil or

criminal liability that might otherwise be incurred or imposed as a result of making the report or transmitting the data."

SECTION 19. G.S. 97-29(g) reads as rewritten:

"(g) The weekly compensation payment for members of the North Carolina National Guard and the North Carolina State Defense Militia shall be the maximum amount established annually in accordance with ~~the last paragraph subsection (i) of this section~~ per week as fixed herein. The weekly compensation payment for deputy sheriffs, or those acting in the capacity of deputy sheriffs, who serve upon a fee basis, shall be thirty dollars (\$30.00) a week as fixed herein."

SECTION 20.(a) G.S. 115C-296(b)(1)c., as amended by Section 5(b) and (c) of S.L. 2013-226, reads as rewritten:

"c. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall (i) reevaluate and enhance the requirements for renewal of teacher ~~licenses~~ licenses, (ii) consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills, and (iii) integrate digital teaching and learning into the requirements for licensure renewal."

SECTION 20.(b) This section becomes effective July 1, 2017, and applies beginning with the 2017-2018 school year.

SECTION 21. G.S. 115C-366(a3) reads as rewritten:

"(a3) A student who is not a domiciliary of a local school administrative unit may attend, without the payment of tuition, the public schools of that unit if all of the following apply:

- (1) The student resides with an adult, who is a domiciliary of that unit, as a result of any one of the following:
 - a. The death, serious illness, or incarceration of a parent or legal ~~guardian, guardian.~~
 - b. The abandonment by a parent or legal guardian of the complete control of the student as evidenced by the failure to provide substantial financial support and parental ~~guidance, guidance.~~
 - c. Abuse or neglect by the parent or legal ~~guardian, guardian.~~
 - d. The physical or mental condition of the parent or legal guardian is such that he or she cannot provide adequate care and supervision of the ~~student, student.~~
 - e. The relinquishment of physical custody and control of the student by the student's parent or legal guardian upon the recommendation of the department of social services or the Division of Mental ~~Health, Health.~~
 - f. The loss or uninhabitability of the student's home as the result of a natural ~~disaster, or disaster.~~
 - g. The parent or legal guardian is one of the following:
 - ~~(1)~~1. On active military duty and is deployed out of the local school administrative unit in which the student ~~resides; resides.~~ For purposes of this sub-sub-subdivision, the term "active duty" does not include periods of active duty for training for less than 30 days.
 - ~~(2)~~2. A member or veteran of the uniformed services who is severely injured and medically discharged or retired, but only for a period of one year after the medical discharge or retirement of the parent or ~~guardian; or guardian.~~
 - ~~(3)~~3. A member of the uniformed services who dies on active duty or as a result of injuries sustained on active duty, but only for a period of one year after death. For purposes of this sub-sub-subdivision, the term "active duty" is as defined in G.S. 115C-407.5

~~For purposes of this sub-subdivision, the term "active duty" does not include periods of active duty for training for less than 30 days.~~
Assignment under this sub-subdivision is only available if **225**

evidence of the ~~deployment~~—deployment, medical discharge, retirement, or death is tendered with the affidavits required under subdivision (3) of this subsection.

- (2) The student is:
 - a. Not currently under a term of suspension or expulsion from a school for conduct that could have led to a suspension or an expulsion from the local school administrative unit, or
 - b. Currently under a term of suspension or expulsion from a school for conduct that could have led to a suspension or an expulsion from the local school administrative unit and is identified as eligible for special education and related services under the Individuals with Disabilities Education Improvement Act, 20 U.S.C. § 1400, et seq., (2004). Assignment under this sub-subdivision is available only if evidence of current eligibility is tendered with the affidavit required under subdivision (3) of this subsection.
- (3) The caregiver adult and the student's parent, guardian, or legal custodian have each completed and signed separate affidavits ~~that~~that do all of the following:
 - a. Confirm the qualifications set out in this subsection establishing the student's ~~residency~~residency.
 - b. Attest that the student's claim of residency in the unit is not primarily related to attendance at a particular school within the ~~unit, and unit~~.
 - c. Attest that the caregiver adult has been given and accepts responsibility for educational decisions for the student.

If the student's parent, guardian, or legal custodian is unable, refuses, or is otherwise unavailable to sign the affidavit, then the caregiver adult shall attest to that fact in the affidavit. If the student is a minor, the caregiver adult must make educational decisions concerning the student and has the same legal authority and responsibility regarding the student as a parent or legal custodian would have even if the parent, guardian, or legal custodian does not sign the affidavit. The minor student's parent, legal guardian, or legal custodian retains liability for the student's acts.

Upon receipt of both affidavits or an affidavit from the caregiver adult that includes an attestation that the student's parent, guardian, or legal custodian is unable, refuses, or is otherwise unavailable to sign an affidavit, the local board shall admit and assign as soon as practicable the student to an appropriate school, as determined under the local board's school assignment policy, pending the results of any further procedures for verifying eligibility for attendance and assignment within the local school administrative unit.

If it is found that the information contained in either or both affidavits is false, then the local board may, unless the student is otherwise eligible for school attendance under other laws or local board policy, remove the student from school. If a student is removed from school, the board shall provide an opportunity to appeal the removal under the appropriate policy of the local board and shall notify any person who signed the affidavit of this opportunity. If it is found that a person willfully and knowingly provided false information in the affidavit, the maker of the affidavit shall be guilty of a Class 1 misdemeanor and shall pay to the local board an amount equal to the cost of educating the student during the period of enrollment. Repayment shall not include State funds.

Affidavits shall include, in large print, the penalty, including repayment of the cost of educating the student, for providing false information in an affidavit."

SECTION 22. G.S. 116E-4(c), as amended by Section 5 of S.L. 2013-80, reads as rewritten:

"(c) The Board shall report quarterly to the Joint Legislative Education Oversight Committee, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Oversight Committee on Information Technology beginning September 30, 2013. The report shall include the following:

- (1) An update on the implementation of the System's activities.
- (2) Any proposed or planned expansion of System data.
- (3) Any other recommendations made by the Board, including the most effective and efficient configuration for the System."

SECTION 23.(a) G.S. 122C-115(a), as amended by Section 4(a) of S.L. 2013-85, reads as rewritten:

"(a) A county shall provide mental health, developmental disabilities, and substance abuse services in accordance with rules, policies, and guidelines adopted pursuant to statewide restructuring of the management responsibilities for the delivery of services for individuals with mental illness, intellectual or other developmental disabilities, and substance abuse disorders under a 1915(b)/(c) Medicaid Waiver through an area authority. Beginning July 1, 2012, the catchment area of an area authority shall contain a minimum population of at least 300,000. Beginning July 1, 2013, the catchment area of an area authority shall contain a minimum population of at least 500,000. To the extent this section conflicts with ~~G.S. 153A-77(a)~~ G.S. 153A-77 or G.S. 122C-115.1, the provisions of this section control."

SECTION 23.(b) This section becomes effective January 1, 2014.

SECTION 24. G.S. 147-33.81(1), as enacted by Section 1(b) of S.L. 2013-333, reads as rewritten:

"(1) "Cooperative purchasing agreement" means an agreement between a vendor and one or more states or state agencies providing that the parties may collaboratively or collectively purchase information technology goods and services in order to increase ~~economies~~ economies of scale and reduce costs."

SECTION 25.(a) The introductory language of G.S. 160A-388(b1), as enacted by Section 1 of S.L. 2013-126, reads as rewritten:

"(b1) Appeals. – The board of adjustment shall hear and decide appeals from decisions of administrative officials charged with enforcement of the zoning or unified development ordinance and may hear appeals arising out of any other ordinance that regulates land use or development, pursuant to all of the following:"

SECTION 25.(b) This section becomes effective October 1, 2013.

SECTION 26. The Revisor of Statutes shall replace the term "cash converter" with "currency converter" wherever it appears in the General Statutes.

SECTION 27. Effective October 1, 2013, Section 28 of S.L. 2013-129 is repealed.

SECTION 27.5. If Senate Bill 558, 2013 Regular Session, becomes law, Section 1(e) of S.L. 2013-284 is repealed.

SECTION 27.7. If House Bill 14, 2013 Regular Session, becomes law, then Section 2 of S.L. 2007-112, as amended by Section 40 of S.L. 2007-484, Section 1 of S.L. 2013-223, and Section 60(f) of House Bill 14, reads as rewritten:

"**SECTION 2.** Occupancy Tax. – (a) Authorization and Scope. – The Carteret County Board of Commissioners may levy a room occupancy and tourism development tax of five percent (5%) of the gross receipts derived from the rental of any room, lodging, or similar accommodation furnished by any hotel, motel, inn, tourist camp, condominium, cottage, campground, rental agency, or other similar place within the county that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax. ~~This tax does not apply to accommodations furnished by nonprofit charitable, educational, or religious organizations when furnished in furtherance of their nonprofit purpose.~~"

PART III. OTHER CHANGES

SECTION 27.8. G.S. 14-118.6(b) reads as rewritten:

"§ 14-118.6. Filing false lien or encumbrance.

...

(b) In the case of a lien or encumbrance presented to the register of deeds for filing, if the register of deeds has a reasonable suspicion that the lien or encumbrance is false, the register of deeds may refuse to file the lien or encumbrance. Neither the register of deeds nor any other entity shall be liable for filing or refusing to file a lien or encumbrance under this section. If the filing of the lien or encumbrance is denied, the register of deeds shall allow the filing of a Notice of Denied Lien or Encumbrance Filing on a form adopted by the Secretary of ~~State~~ State, for which no filing fee shall be collected. The Notice of Denied Lien or Encumbrance Filing shall not itself constitute a lien or encumbrance. If the filing of the lien or encumbrance is denied, any interested person may file a special proceeding in the county where the filing was denied within ten (10) business days of the filing of the Notice of Denied Lien or Encumbrance Filing asking the court to find that the proposed filing has a statutory or contractual basis and to order that the document be filed. If, after hearing, upon a minimum ~~227~~ of

five (5) days' notice and opportunity to be heard to all interested persons and all persons claiming an ownership interest in the property, the court finds that there is a statutory or contractual basis for the proposed filing, the court shall order the document filed. A lien or encumbrance filed upon order of the court under this subsection shall have a priority interest as of the time of the filing of the Notice of Denied Lien or Encumbrance Filing. If the court finds that there is no statutory or contractual basis for the proposed filing, the court shall order that the proposed filing is null and void and that it shall not be filed, indexed, or recorded and a copy of that order shall be filed by the register of deeds that originally denied the filing. The review by the judge under this subsection shall not be deemed a finding as to any underlying claim of the parties involved. If a special proceeding is not filed under this subsection within ten (10) business days of the filing of the Notice of Denied Lien or Encumbrance Filing, the lien or encumbrance is deemed null and void."

SECTION 27.9. G.S. 18B-1006(a) reads as rewritten:

"(a) School and College Campuses. – No permit for the sale of malt beverages, unfortified wine, or fortified wine shall be issued to a business on the campus or property of a public school or college, other than at a regional facility as defined by G.S. 160A-480.2 operated by a facility authority under Part 4 of Article 20 of Chapter 160A of the General Statutes except for a public school or college function, unless that business is a hotel or a nonprofit alumni organization with a mixed beverages permit or a special occasion permit. This subsection shall not apply on property owned by a local board of education which was leased for 99 years or more to a nonprofit auditorium authority created prior to 1991 whose governing board is appointed by a city board of aldermen, a county board of commissioners, or a local school board. This subsection shall also not apply to the constituent institutions of The University of North Carolina with respect to the sale of beer and wine at performing arts centers located on property owned or leased by the institutions if the seating capacity does not exceed 2,000 seats, or to any golf courses owned or leased by the institutions and open to the public for use. Notwithstanding this subsection, special one-time permits as described in G.S. 18B-1002(a)(5) may be issued to the University of North Carolina at Chapel Hill for the Loudermilk Center for Excellence facility."

SECTION 28.(a) G.S. 20-62.1(a)(1a), as enacted by S.L. 2013-323, is amended by adding a new sub-subdivision to read:

"c. If the Division of Motor Vehicles has not received information from a federal, State, or local department or independent source that a vehicle has been stolen and reports pursuant to this section that a vehicle is not stolen, any person damaged does not have a cause of action against the Division."

SECTION 28.(b) S.L. 2013-323 is amended by adding a new section to read:

"SECTION 2.1. The Division of Motor Vehicles shall establish procedures and/or software solutions to most efficiently, reliably, and cost-effectively comply with the requirements of G.S. 20-62.1(a1). This may include software solutions with private entities for the tracking of salvage vehicles in compliance with State and federal requirements. The Division shall implement these procedures and/or software solutions on or before October 1, 2014. The Division shall update the Joint Legislative Transportation Oversight Committee on implementation."

SECTION 28.5.(a) Part 6 of Article 50 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-50-260. Dissolution of Pool.

(a) Insurance operations of the Pool under this Part shall sunset on January 1, 2014.

(b) In order to be handled in the regular course of business, rather than under subsection (f) of this section, all invoices for medical, pharmacy, and any other services provided under this Part must be submitted no later than 90 days after the sunset of insurance operations of the Pool under subsection (a) of this section.

(c) In order to be handled in the regular course of business, rather than under subsection (f) of this section, all appeals and grievances under this Part must be submitted no later than 90 days after the sunset of insurance operations of the Pool under subsection (a) of this section.

(d) On or before September 1, 2013, the Pool shall submit to the Commissioner a plan for dissolution of the Pool. The plan shall address the following:

- (1) Continuity of care for those participants in the Pool that are inpatient at the time of sunset of insurance operations of the Pool under subsection (a) of this section.
- (2) Continuation of administrative services following the sunset of the Pool's insurance operations.
- (3) Closing the Pool's bank and investment accounts.
- (4) Cessation of premium subsidy programs.
- (5) Performance and completion by June 30, 2014, of a final audit by the State Auditor and submission of the Pool's annual report to the State.
- (6) A plan for maintenance of the Pool's books and records pursuant to G.S. 58-56-16 by the Pool's final third-party administrator.
- (7) Efforts to secure contingency funding should the Pool's operations so require.
- (8) Final dissolution of the Pool.
- (9) The deposit and management of funding held in reserve following final dissolution of the Pool to be used in connection with actions by or against the Pool that are timely filed, as provided in subsection (f) of this section.
- (10) Other matters that the Commissioner may reasonably require.

(e) The plan of dissolution for the Pool shall become effective upon approval in writing by the Commissioner. The Commissioner shall approve the plan of dissolution if he or she determines that the plan is suitable to assure the fair, reasonable, and equitable dissolution of the Pool and that the plan complies with subsection (d) of this section.

(f) Notwithstanding any longer statute of limitations provided under law for an action, all actions by or against the Pool must be filed on or before one year following the sunset of insurance operations of the Pool under subsection (a) of this section. After final dissolution of the Pool, the Pool's liability for insurance benefits, provider or vendor invoices, and all other matters shall be limited to the reserve amount established under subdivision (9) of subsection (d) of this section, less the costs of resolving the claims by or against the Pool.

(g) Any funds in excess of the reserve amount established under subdivision (9) of subsection (d) of this section that remain in the North Carolina Health Insurance Risk Pool Fund at the time of final dissolution shall be paid into the General Fund. After the resolution of timely filed actions against the Pool, any reserve funds remaining in the Risk Pool Fund shall be paid into the General Fund."

SECTION 28.5.(b) G.S. 58-50-225(c) reads as rewritten:

"(c) For the purposes of providing the funds necessary to carry out the powers and duties of the Pool, effective July 1, 2008, the Teachers' and State Employees' Comprehensive Major Medical Plan and any successor Plan shall pay an annual surcharge to the North Carolina Health Insurance Risk Pool Fund in the amount of one dollar and fifty cents (\$1.50) per member per year based on enrollment of active employee Plan members and their dependents covered under the Plan. The final surcharge shall be paid to the Pool Fund for the 2013-2014 State fiscal year and shall be paid in quarterly installments rather than in one annual payment. Such installments shall be paid to the Pool Fund 60 days after the close of each quarter and shall be due on December 1, 2013, March 1, 2014, June 1, 2014, and September 1, 2014. The Pool shall transfer to the General Fund any funds in excess of the reserve amount established under G.S. 58-50-260(d)(9) that remain in the Pool Fund following the final dissolution of the Pool."

SECTION 28.5.(c) Effective January 1, 2015, G.S. 58-50-225(c), as amended by subsection (b) of this section, is repealed.

SECTION 28.5.(d) Effective January 1, 2017, Part 6 of Article 50 of Chapter 58 of the General Statutes is repealed.

SECTION 28.5.(e) G.S. 58-3-276 is repealed.

SECTION 29. G.S. 62-82(a) reads as rewritten:

"(a) Notice of Application for Certificate for Generating Facility; Hearing; Briefs and Oral Arguments. – Whenever there is filed with the Commission an application for a certificate of public convenience and necessity for the construction of a facility for the generation of electricity under G.S. 62-110.1, the Commission shall require the applicant to publish a notice thereof once a week for four successive weeks in a ~~daily~~ newspaper of general circulation in the county where such facility is proposed to be constructed and thereafter the Commission upon complaint shall, or upon its own initiative may, upon reasonable notice, enter upon a hearing to

determine whether such certificate shall be awarded. Any such hearing must be commenced by the Commission not later than three months after the filing of such application, and the procedure for rendering decisions therein shall be given priority over all other cases on the Commission's calendar of hearings and decisions, except rate proceedings referred to in G.S. 62-81. Such applications shall be heard as provided in G.S. 62-60.1, and the Commission shall furnish a transcript of evidence and testimony submitted by the end of the second business day after the taking of each day of testimony. The Commission or panel shall require that briefs and oral arguments in such cases be submitted within 30 days after the conclusion of the hearing, and the Commission or panel shall render its decision in such cases within 60 days after submission of such briefs and arguments. If the Commission or panel does not, upon its own initiative, order a hearing and does not receive a complaint within 10 days after the last day of publication of the notice, the Commission or panel shall enter an order awarding the certificate. Notwithstanding this section, applicants for a certificate for solar photovoltaic facilities of 10 kilowatts or less are exempt from the requirement to publish public notice in newspapers."

SECTION 30.5. Part 3 of Article 45 of Chapter 66 of the General Statutes is amended by adding a new section to read:

"§ 66-420.1 Applicability.

This Chapter shall not apply to a salvage yard regulated pursuant to Chapter 20 of the General Statutes, unless the salvage yard is engaged in the business of gathering or obtaining ferrous or nonferrous metals that have served their original economic purpose and is in the business of performing the manufacturing process by which ferrous metals or nonferrous metals are converted into raw material products consisting of prepared grades and having an existing or potential economic value."

SECTION 31. G.S. 83A-3 is amended by adding a new subsection to read:

"(c) The Board shall have the power to acquire, hold, rent, encumber, alienate, and otherwise deal with real property in the same manner as a private person or corporation, subject only to approval of the Governor and the Council of State. Collateral pledged by the Board for an encumbrance shall be limited to the assets, income, and revenues of the Board."

SECTION 32. G.S. 84-2.1 reads as rewritten:

"§ 84-2.1. "Practice law" defined.

The phrase "practice law" as used in this Chapter is defined to be performing any legal service for any other person, firm or corporation, with or without compensation, specifically including the preparation or aiding in the preparation of deeds, mortgages, wills, trust instruments, inventories, accounts or reports of guardians, trustees, administrators or executors, or preparing or aiding in the preparation of any petitions or orders in any probate or court proceeding; abstracting or passing upon titles, the preparation and filing of petitions for use in any court, including administrative tribunals and other judicial or quasi-judicial bodies, or assisting by advice, counsel, or otherwise in any legal work; and to advise or give opinion upon the legal rights of any person, firm or corporation: Provided, that the above reference to particular acts which are specifically included within the definition of the phrase "practice law" shall not be construed to limit the foregoing general definition of the term, but shall be construed to include the foregoing particular acts, as well as all other acts within the general definition. The phrase "practice law" does not encompass the drafting or writing of memoranda of understanding or other mediation summaries by mediators at community mediation centers authorized by G.S. 7A-38.5 or by mediators of personnel-employment-related matters for The University of North Carolina or a constituent institution-institution, or for an agency, commission, or board of the State of North Carolina."

SECTION 32.5.(a) G.S. 93D-1 reads as rewritten:

"§ 93D-1. Definitions.

For the purposes of this Chapter:

- (1) "Board" shall mean the North Carolina State Hearing Aid Dealers and Fitters Board.
- (2) "Fitting and selling hearing aids" shall mean the evaluation or measurement of the powers or range of human hearing by means of an audiometer or by other means and the consequent selection or adaptation or sale or rental of hearing aids intended to compensate for hearing loss including the making of an impression of the ear.

- (3) "Hearing aid" shall mean any instrument or device designed for or represented as aiding, improving or compensating for defective human hearing and any parts, attachments or accessories of such an instrument or device.
- (4) "Hearing Aid Specialist" shall mean a person licensed by the Board to engage in ~~fitting or selling hearing aids~~the activities within the scope of practice of a hearing aid specialist in North Carolina.
- (5) "Registered Sponsor" shall mean a person with a permanent license as an audiologist under Article 22 of Chapter 90 of the General Statutes who is registered in accordance with G.S. 93D-3(c)(16), or a licensee of the Board who has been approved as a sponsor of an apprentice."

SECTION 32.5.(b) Chapter 93D of the General Statutes is amended by adding a new section to read:

"§ 93D-1.1. Hearing aid specialist; scope of practice.

The scope of practice of a hearing aid specialist regulated pursuant to this Chapter shall include the following activities:

- (1) Fitting and selling hearing aids.
- (2) Eliciting patient histories.
- (3) Performing hearing evaluations.
- (4) Administering and interpreting tests of human hearing.
- (5) Referring, as appropriate, for cochlear implant evaluation or other clinical, rehabilitative, or medical intervention.
- (6) Determining candidacy for hearing aids, tinnitus management devices, and other assistive listening devices.
- (7) Providing hearing aid, tinnitus management device, and assistive device recommendations and selection.
- (8) Performing hearing aid fittings, programming, and adjustments.
- (9) Assessing hearing aid efficacy utilizing appropriate fitting verification methodology.
- (10) Performing hearing aid repairs.
- (11) Administering cerumen management in the course of examining ears.
- (12) Taking ear impressions, and preparing, designing, and modifying ear molds.
- (13) Providing counseling and rehabilitation services related to hearing aids.
- (14) Providing supervision and in-service training for those entering the hearing aid dispensing profession.
- (15) Providing hearing health education.
- (16) Providing community services for individuals with hearing loss and the deaf."

SECTION 32.5.(c) G.S. 93D-2 reads as rewritten:

"§ 93D-2. ~~Fitting and selling~~ Practice without license unlawful.

It shall be unlawful for any person to ~~fit or sell hearing aids~~engage in any activity within the scope of practice of a hearing aid specialist, unless the person has first obtained a license from the North Carolina State Hearing Aid Dealers and Fitters ~~Board or Board~~, is an apprentice working under the supervision of a Registered ~~Sponsor~~Sponsor, or is otherwise authorized by law to engage in the activity within the scope of practice of another regulated profession."

SECTION 32.5.(d) G.S. 93D-3(c)(6) reads as rewritten:

"(c) The Board shall:

...

- (6) Make and publish rules, including a code of ethics, that are necessary and proper to regulate ~~hearing aid specialists~~the fitting and selling of hearing aids and to carry out the provisions of this Chapter;"

SECTION 32.5.(e) G.S. 93D-5(a) reads as rewritten:

"(a) No person shall ~~begin the fitting and selling of hearing aids~~undertake any activity within the scope of practice of a hearing aid specialist in this State unless the person first has been issued a license by the Board or is an apprentice working under the supervision of a Registered Sponsor. Except as hereinafter provided, each applicant for a license shall pay a fee set by the Board, not to exceed two hundred fifty dollars (\$250.00), which fee may be prorated by the Board, and shall show to the satisfaction of the Board that the applicant:

- (1) Is a person of good moral character.

- (2) Is 18 years of age or older.
- (3) Has an education equivalent to a four-year course in an accredited high school.
- (4) Repealed by Session Laws 2007-406, s. 3, effective August 21, 2007."

SECTION 32.5.(f) G.S. 93D-6 reads as rewritten:

"§ 93D-6. ~~Persons selling in other jurisdictions.~~ Hearing aid specialists licensed in other States.

Whenever the Board determines that another state or jurisdiction has requirements at least equivalent to those in effect pursuant to this Chapter for ~~the fitting and selling of hearing aids, engaging in activities within the scope of practice of a hearing aid specialist~~ and that such state or jurisdiction has a program at least equivalent to the program for determining whether applicants pursuant to this Chapter are qualified to ~~sell and fit hearing aids, engage in activities within the scope of practice of a hearing aid specialist,~~ the Board may issue, but is not compelled to issue, licenses to applicants therefor who hold current, unsuspended and unrevoked certificates or licenses to ~~fit and sell hearing aids, engage in activities within the scope of practice of a hearing aid specialist~~ in such other state or jurisdiction. No such applicant shall be required to submit to any examination or other procedure required by G.S. 93D-5, but shall be required to pay an application fee to the Board in an amount set by the Board, not to exceed one hundred fifty dollars (\$150.00). Such applicant must have one full year of experience satisfactory to the Board before issuance of the license."

SECTION 32.5.(g) G.S. 93D-8(a) reads as rewritten:

"(a) Every applicant for a license who is notified by the Board that he has fulfilled the requirements of G.S. 93D-5, except those making application pursuant to G.S. 93D-6, shall appear at a time, place and before such persons as the Board may designate, to be examined by written and practical tests in order to demonstrate that the applicant is qualified ~~for the fitting and selling of hearing aids, to engage in the activities within the scope of a hearing aid specialist.~~ The Board shall give one examination of the type prescribed herein each year at a duly prescribed time and place, which shall be publicized for at least 90 days in advance. Additional examinations may be given at the discretion of the Board. The examination provided in this section shall not include questions requiring a medical or surgical education but shall consist of:

- (1) Tests of knowledge in the following areas as they pertain to the fitting of hearing aids:
 - a. The basic physics of sound,
 - b. The human hearing mechanism, including the science of hearing and the cause and rehabilitation of abnormal hearing and hearing disorders, and
 - c. The structure and function of hearing aids.
- (2) Tests of proficiency in the following techniques as they pertain to the fitting of hearing aids:
 - a. Pure tone audiometry, including air conduction testing and bone conduction testing,
 - b. Live voice and recorded voice speech audiometry, including speech reception threshold testing and speech discrimination testing,
 - c. Effective masking,
 - d. Recording and evaluation of audiograms and speech audiometry to determine hearing aid candidacy,
 - e. Selection and adaption of hearing aids and testing of hearing aids,
 - f. Taking earmold impressions, and
 - g. Such other skills as may be required for the fitting of hearing aids in the opinion of the Board."

SECTION 32.5.(h) G.S. 93D-11 reads as rewritten:

"§ 93D-11. Annual fees; failure to pay; expiration of license; occupational instruction courses.

Every ~~licensed person who engages in the fitting and selling of hearing aids~~ person licensed as a hearing aid specialist shall pay to the Board an annual license renewal fee in an amount set by the Board, not to exceed two hundred fifty dollars (\$250.00). The payment shall be made prior to the first day of April in each year. In case of default in payment the license shall expire

232 20 days after notice by the secretary-treasurer to the last known address of the licensee by

registered mail, certified mail, or in a manner provided by G.S. 1A-1, Rule 4(j)(1)d. The Board may reinstate an expired license upon the showing of good cause for late payment of fees, upon payment of said fees within 60 days after expiration of the license, and upon the further payment of a late penalty of twenty-five dollars (\$25.00). After 60 days after the expiration date, the Board may reinstate the license for good cause shown upon application for reinstatement and payment of a late penalty of fifty dollars (\$50.00) and the renewal fee. The Board may require all licensees to successfully attend and complete a course or courses of occupational instruction funded, conducted or approved or sponsored by the Board on an annual basis as a condition to any license renewal and evidence of satisfactory attendance and completion of any such course or courses shall be provided the Board by the licensee."

SECTION 32.5.(i) G.S. 93D-12 reads as rewritten:

"§ 93D-12. License to be displayed at office.

Every person to whom a license, apprenticeship certificate, or sponsor registration is granted shall display the same in a conspicuous part of his office ~~wherein the fitting and selling of hearing aids is conducted,~~ where the person conducts business as a hearing aid specialist or shall have a copy of such license certificate, or registration on his person and exhibit the same upon request when fitting or selling hearing aids outside of his office."

SECTION 32.5.(j) G.S. 93D-15 reads as rewritten:

"§ 93D-15. Violation of Chapter.

Any person who violates any of the provisions of this Chapter and any person who holds himself out to the public as a ~~fitter and seller of hearing aids~~ hearing aid specialist without having first obtained a license or apprenticeship registration as provided for herein shall be deemed guilty of a Class 2 misdemeanor."

SECTION 33.(a) Industrial Commission Hospital Fee Schedule:

- (1) Medicare methodology for physician and hospital fee schedules. – With respect to the schedule of maximum fees for physician and hospital compensation adopted by the Industrial Commission pursuant to G.S. 97-26, those fee schedules shall be based on the applicable Medicare payment methodologies, with such adjustments and exceptions as are necessary and appropriate to ensure that (i) injured workers are provided the standard of services and care intended by Chapter 97 of the General Statutes, (ii) providers are reimbursed reasonable fees for providing these services, and (iii) medical costs are adequately contained. Such fee schedules shall also be periodically reviewed to ensure that they continue to adhere to these standards and applicable fee schedule requirements of Chapter 97. In addition to the statewide fee averages, geographical and community variations in provider costs, and other factors affecting provider costs that the Commission may consider pursuant to G.S. 97-26, the Commission may also consider other payment systems in North Carolina, other states' cost and payment structures for workers' compensation, the impact of changes over time to Medicare fee schedules on payers and providers, and cost issues for providers and payers relating to frequency of service, case mix index, and related issues.
- (2) Transition to direct billing. – Pursuant to G.S. 97-26(g) through (g1) and applicable rules, the Commission shall provide for transition to direct claims submission and reimbursement for medical and hospital fees, including an implementation timeline, notice to affected stakeholders, and related compliance issues.
- (3) Expedite rule-making process for fee schedule. – The Industrial Commission is exempt from the certification requirements of G.S. 150B-19.1(h) and the fiscal note requirement of G.S. 150B-21.4 in developing the fee schedules required pursuant to this section."

SECTION 33.(b) G.S. 97-26 reads as rewritten:

"§ 97-26. Fees allowed for medical treatment; malpractice of physician.

(a) Fee Schedule. – The Commission shall adopt by rule a schedule of maximum fees for medical ~~compensation, except as provided in subsection (b) of this section,~~ compensation and shall periodically review the schedule and make revisions.

The fees adopted by the Commission in its schedule shall be adequate to ensure that (i) injured workers are provided the standard of services and care intended by this Chapter ~~(i)~~ **233**

providers are reimbursed reasonable fees for providing these services, and (iii) medical costs are adequately contained.

The Commission may consider any and all reimbursement systems and plans in establishing its fee schedule, including, but not limited to, the State Health Plan for Teachers and State Employees (hereinafter, "State Plan"), Blue Cross and Blue Shield, and any other private or governmental plans. The Commission may also consider any and all reimbursement methodologies, including, but not limited to, the use of current procedural terminology ("CPT") codes, diagnostic-related groupings ("DRGs"), per diem rates, capitated payments, and resource-based relative-value system ("RBRVS") payments. The Commission may consider statewide fee averages, geographical and community variations in provider costs, and any other factors affecting provider costs.

(b) Hospital Fees. – Each hospital subject to the provisions of this ~~subsection~~ section shall be reimbursed the amount provided for in this ~~subsection~~ section unless it has agreed under contract with the insurer, managed care organization, employer (or other payor obligated to reimburse for inpatient hospital services rendered under this Chapter) to accept a different amount or reimbursement methodology.

~~Except as otherwise provided herein, payment for medical treatment and services rendered to workers' compensation patients by a hospital shall be a reasonable fee determined by the Commission and adopted by rule. Effective September 16, 2001, through June 30, 2002, the fee shall be the following amount unless the Commission adopts a different fee schedule in accordance with the provisions of this section:~~

- ~~(1) For inpatient hospital services, the amount that the hospital would have received for those services as of June 30, 2001. The payment shall not be more than a maximum of one hundred percent (100%) of the hospital's itemized charges as shown on the UB-92 claim form nor less than the minimum percentage for payment of inpatient DRG claims that was in effect as of June 30, 2001.~~
- ~~(2) For outpatient hospital services and any other services that were reimbursed as a discount off of charges under the State Plan as of June 30, 2001, the amount calculated by the Commission as a percentage of the hospital charges for such services. The percentage applicable to each hospital shall be the percentage used by the Commission to determine outpatient rates for each hospital as of June 30, 2001.~~
- ~~(3) For any other services, a reasonable fee as determined by the Industrial Commission.~~

The explanation of the fee schedule change that is published pursuant to G.S. 150B-21.2(c)(2) shall include a summary of the data and calculations on which the fee schedule rate is based.

A hospital's itemized charges on the UB-92 claim form for workers' compensation services shall be the same as itemized charges for like services for all other payers.

...."

SECTION 36.(a) G.S. 115D-67.2(b) reads as rewritten:

"(b) The Advisory Board shall consist of 14 ~~members~~ members as follows:

- ~~(1) The President of Gaston College, who shall serve ex officio;~~ officio.
- ~~(2) Four Two members who are residents of North Carolina appointed by the North Carolina Manufacturers Association, Inc.; National Council of Textile Organizations.~~
- ~~(2a) Two members appointed by the Southern Textile Association, Inc.~~
- ~~(3) Two members appointed by the board of the North Carolina Center for Applied Textile Technology Foundation;~~ Foundation.
- ~~(4) Two members appointed by the board of trustees of Gaston College;~~ College.
- ~~(5) Three members appointed by the State Board of Community Colleges;~~ Colleges.
- ~~(6) One member appointed by the dean of the College of Textiles at North Carolina State University; and~~ University.
- ~~(7) The Director of the Manufacturing Solutions Center at Catawba Valley Community College who shall serve ex officio as a nonvoting member.~~

The appointing entities shall attempt to appoint members who are distributed geographically throughout the State; members representing large and small companies; and members from

each segment of the diverse textile industry including spun yarn manufacturing, filament yarn manufacturing, knitting, weaving, dyeing and finishing, apparel, nonwoven, technical/medical textiles, and fiber producers."

SECTION 36.(b) This section is effective when it becomes law and applies to appointments made for vacancies that arise, or upon the expiration of the existing terms, of members appointed by the North Carolina Manufacturers Association, Inc., whichever occurs first, with the first two appointments to be made in accordance with G.S. 115D-67.2(b)(2a) and the next two appointments to be made in accordance with G.S. 115D-67.2(b)(2).

SECTION 36.5. G.S. 116-43.10(c) reads as rewritten:

"(c) Once a student is enrolled in The University of North Carolina System under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program.~~The Board of Governors shall provide a report on the Academic Common Market program to the Joint Legislative Education Oversight Committee by September 2007 and each biennium thereafter.~~"

SECTION 36.7. G.S. 120-133 reads as rewritten:

"§ 120-133. Redistricting communications.

(a) Notwithstanding any other provision of law, all drafting and information requests to legislative employees and documents prepared by legislative employees for legislators concerning redistricting the North Carolina General Assembly or the Congressional Districts are no longer confidential and become public records upon the act establishing the relevant district plan becoming law. Present and former legislative employees may be required to disclose information otherwise protected by G.S. 120-132 concerning redistricting the North Carolina General Assembly or the Congressional Districts upon the act establishing the relevant district plan becoming law.

(b) Nothing in this Chapter nor in Chapter 132 of the General Statutes shall be construed as a waiver of the common law attorney-client privilege nor of the common law work product doctrine with respect to legislators as defined in G.S. 120-129."

SECTION 38.(a) G.S. 136-189.10, as enacted by S.L. 2013-183, reads as rewritten:

"§ 136-189.10. Definitions.

...

(2) Regional impact projects. – Includes only the following:

- a. Projects listed in subdivision (1) of this section, subject to the limitations noted in that subdivision.
- b. U.S. highway routes not included in subdivision (1) of this section.
- c. N.C. highway routes not included in subdivision (1) of this section.
- d. Commercial service airports included in the NPIAS that are not included in subdivision (1) of this section, provided that the State's annual financial participation in any single airport project included in this subdivision may not exceed three hundred thousand dollars (\$300,000).
- e. The State-maintained ferry system, excluding passenger vessel replacement.
- f. Rail lines that span two or more counties not included in subdivision (1) of this section. This sub-subdivision does not include short-line railroads.
- g. Public transportation service that spans two or more counties and that serves more than one municipality. ExpendituresProgrammed funds pursuant to this sub-subdivision shall not exceed ten percent (10%) of any distribution region allocation. This sub-subdivision includes commuter rail, intercity rail, and light rail.

(3) Division needs projects. – Includes only the following:

- a. Projects listed in subdivision (1) or (2) of this section, subject to the limitations noted in those subsections.
- b. State highway routes not included in subdivision (1) or (2) of this section.
- c. Airports included in the NPIAS that are not included in subdivision (1) or (2) of this section, provided that the State's total annual

- financial participation under this sub-subdivision shall not exceed eighteen million five hundred thousand dollars (\$18,500,000).
- d. Rail lines not included in subdivision (1) or (2) of this section. This sub-subdivision does not include short-line railroads.
- e. Public transportation service not included in subdivision (1) or (2) of this section. This sub-subdivision includes commuter rail, intercity rail, and light rail.
- f. Multimodal terminals and stations serving passenger transit systems.
- g. Federally funded independent bicycle and pedestrian improvements.
- h. Replacement of State-maintained ferry vessels.
- i. Federally funded municipal road projects.

...."

rewritten: **SECTION 38.(b)** G.S. 136-189.11(b), as enacted by S.L. 2013-183, reads as
 "(b) Funds Excluded From Formula. – The following funds are not subject to this
 section:

- (1) Federal congestion mitigation and air quality improvement program funds appropriated to the State by the United States pursuant to 23 U.S.C. § 104(b)(2) and 23 U.S.C. § 149.
- (2) Funds received through competitive awards or discretionary grants through federal appropriations either for local governments, transportation authorities, transit authorities, or the Department.
- (3) Funds received from the federal government that under federal law may only be used for Appalachian Development Highway System projects.
- (4) Funds used in repayment of "GARVEE" bonds related to Phase I of the Yadkin River Veterans Memorial Bridge project.
- (5) Funds committed to gap funding for toll roads funded with bonds issued pursuant to G.S. 136-176.
- (6) Funds obligated for projects in the State Transportation Improvement Program that are scheduled for construction as of ~~April 1, 2013~~, October 1, 2013, in State fiscal year 2012-2013, 2013-2014, or 2014-2015.
- (7) Toll collections from a turnpike project under Article 6H of this Chapter and other revenue from the sale of the Authority's bonds or notes or project loans, in accordance with G.S. 136-89.192.
- (8) Toll collections from the State-maintained ferry system collected under the authority of G.S. 136-82.
- (9) Federal State Planning and Research Program ~~funds-funds~~ (23 U.S.C. § 505) and Metropolitan Planning funds (23 U.S.C. §§ 104 and 134)."

rewritten: **SECTION 38.(c)** G.S. 136-189.11(d), as enacted by S.L. 2013-183, reads as
"§ 136-189.11. Transportation Investment Strategy Formula.

...
 (d) Transportation Investment Strategy Formula. – Funds subject to the Formula shall be distributed as follows:

- (1) Statewide Strategic Mobility Projects. – Forty percent (40%) of the funds subject to this section shall be used for Statewide Strategic Mobility Projects.
 - a. Criteria. – Transportation-related quantitative criteria shall be used by the Department to rank highway projects that address cost-effective Statewide Strategic Mobility needs and promote economic and employment growth. The criteria for selection of Statewide Strategic Mobility Projects shall utilize a numeric scale of 100 points, based on consideration of the following quantitative criteria:
 - 1. Benefit cost.
 - 2. Congestion.
 - 3. Safety.
 - 4. Economic competitiveness.
 - 5. Freight.

6. Multimodal.
 7. Pavement condition.
 8. Lane width.
 9. Shoulder width.
 - b. Project cap. – No more than ten percent (10%) of the funds projected to be allocated to the Statewide Strategic Mobility category over any five-year period may be assigned to any contiguous project or group of projects in the same corridor within a Highway Division or within adjoining Highway Divisions.
- (2) Regional Impact Projects. – Thirty percent (30%) of the funds subject to this section shall be used for Regional Impact Projects and allocated by population of Distribution Regions based on the most recent estimates certified by the Office of State Budget and Management.
- a. Criteria. – A combination of transportation-related quantitative criteria, qualitative criteria, and local input shall be used to rank Regional Impact Projects involving highways that address cost-effective needs from a region-wide perspective and promote economic growth. Local input is defined as the rankings identified by the Department's Transportation Division Engineers, Metropolitan Planning Organizations, and Rural Transportation Planning Organizations. Transportation Division Engineer local input scoring shall take into account public comments. The Department shall ensure that the public has a full opportunity to submit public comments, by widely available notice to the public, an adequate time period for input, and public hearings. Board of Transportation input shall be in accordance with G.S. 136-189.11(g)(1) and G.S. 143B-350(g). The criteria utilized for selection of Regional Impact Projects shall be based thirty percent (30%) on local input and seventy percent (70%) on consideration of a numeric scale of 100 points based on the following quantitative criteria:
 1. Benefit cost.
 2. Congestion.
 3. Safety.
 4. Freight.
 5. Multimodal.
 6. Pavement condition.
 7. Lane width.
 8. Shoulder width.
 9. Accessibility and connectivity to employment centers, tourist destinations, or military installations.
- (3) Division Need Projects. – Thirty percent (30%) of the funds subject to this section shall be allocated in equal share to each of the Department divisions, as defined in G.S. 136-14.1, and used for Division Need Projects.
- a. Criteria. – A combination of transportation-related quantitative criteria, qualitative criteria, and local input shall be used to rank Division Need Projects involving highways that address cost-effective needs from a Division-wide perspective, provide access, and address safety-related needs of local communities. Local input is defined as the rankings identified by the Department's Transportation Division Engineers, Metropolitan Planning Organizations, and Rural Transportation Planning Organizations. Transportation Division Engineer local input scoring shall take into account public comments. The Department shall ensure that the public has a full opportunity to submit public comments, by widely available notice to the public, an adequate time period for input, and public hearings. Board of Transportation input shall be in accordance with G.S. 136-189.11(g)(1) and G.S. 143B-350(g). The criteria utilized for selection of Division Need Projects shall be based fifty percent (50%) on local input and fifty percent (50%) on

consideration of a numeric scale of 100 points based on the following quantitative criteria, except as provided in sub-subdivision b. of this subdivision:

1. Benefit cost.
 2. Congestion.
 3. Safety.
 4. Freight.
 5. Multimodal.
 6. Pavement condition.
 7. Lane width.
 8. Shoulder width.
 9. Accessibility and connectivity to employment centers, tourist destinations, or military installations.
- b. Alternate criteria. – Funding from the following programs shall be included in the computation of each of the Department division equal shares but shall be subject to alternate quantitative criteria:
1. Federal Surface Transportation Program-Direct Attributable funds expended on eligible projects in the Division Need Projects category.
 2. Federal Transportation Alternatives funds appropriated to the State.
 3. Federal Railway-Highway Crossings Program funds appropriated to the State.
 4. Projects requested from the Department in support of a time-critical job creation opportunity, when the opportunity would be classified as transformational under the Job Development Investment Grant program established pursuant to G.S. 143B-437.52, provided that the total State investment in each fiscal year for all projects funded under this sub-subdivision shall not exceed ten million dollars (\$10,000,000) in the aggregate ~~or and two million dollars (\$2,000,000)~~ five million dollars (\$5,000,000) per project.
 5. Federal funds for municipal road projects.
- c. Bicycle and pedestrian limitation. – The Department shall not provide financial support for independent bicycle and pedestrian improvement projects, except for federal funds administered by the Department for that purpose. This sub-subdivision shall not apply to funds allocated to a municipality pursuant to G.S. 136-41.1 that are committed by the municipality as matching funds for federal funds administered by the Department and used for bicycle and pedestrian improvement projects. This limitation shall not apply to funds authorized for projects in the State Transportation Improvement Program that are scheduled for construction as of October 1, 2013, in State fiscal year 2012-2013, 2013-2014, or 2014-2015.
- (4) Criteria for nonhighway projects. – Nonhighway projects subject to this subsection shall be evaluated through a separate prioritization process established by the Department that complies with all of the following:
- a. The criteria used for selection of projects for a particular transportation mode shall be based on a minimum of four quantitative criteria.
 - b. Local input shall include rankings of projects identified by the Department's Transportation Division Engineers, Metropolitan Planning Organizations, and Rural Transportation Planning Organizations. Transportation Division Engineer local input scoring shall take into account public comments. The Department shall ensure that the public has a full opportunity to submit public comments, by widely available notice to the public, an adequate time period for input, and public hearings. Board of Transportation input

shall be in accordance with G.S. 136-189.11(g)(1) and G.S. 143B-350(g).

- c. The criteria shall be based on a scale not to exceed 100 points that includes no bonus points or other alterations favoring any particular mode of transportation."

SECTION 38.(d) G.S. 136-189.11(g), as enacted by S.L. 2013-183, reads as rewritten:

"(g) Reporting. – The Department shall publish on its Web site, in a link to the "Strategic Transportation Investments" Web site linked directly from the Department's home page, the following information in an accessible format as promptly as possible:

- (1) The quantitative criteria used in each highway and nonhighway project scoring, including the methodology used to define each criteria, the criteria presented to the Board of Transportation for approval, and any adjustments made to finalize the criteria.
- (2) The quantitative and qualitative criteria in each highway or nonhighway project scoring that is used in each region or division to finalize the local input score and shall include distinctions between the Department Division scoring and methodologies and Metropolitan Planning Organization and Rural Transportation Planning Organization scoring and methodologies.
- (3) Notification of changes to the methodologies used to calculate quantitative criteria.
- (4) The final quantitative formulas, including the number of points assigned to each criteria, used in each highway and nonhighway project scoring used to obtain project rankings in the Statewide, Regional, and Division categories. If the Department approves different formulas or point assignments regionally or by division, the final scoring for each area shall be noted.
- (5) The project scorings associated with the release of the draft and final State Transportation Improvement ~~Program~~Program, including Division Engineer, Metropolitan Planning Organization, and Rural Transportation Planning Organization scoring and ranking."

SECTION 38.(e) G.S. 136-89.199, as enacted by S.L. 2013-183, reads as rewritten:

"§ 136-89.199. Designation of high-occupancy toll and managed lanes.

Notwithstanding any other provision of this Article, the Authority may designate one or more lanes of any highway, or portion thereof, within the State, including lanes that may previously have been designated as HOV lanes under G.S. 20-146.2, as high-occupancy toll (HOT) or other type of managed lanes; provided, however, that such designation shall not reduce the number of existing non-toll general purpose lanes. In making such designations, the Authority shall specify the high-occupancy requirement or other conditions for use of such lanes, which may include restricting vehicle types, access controls, or the payment of tolls for vehicles that do not meet the high-occupancy requirements or conditions for use."

SECTION 38.(f) G.S. 120-70.52 reads as rewritten:

"§ 120-70.52. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Transportation Oversight Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is nine members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through 120-19.4.

(c) The Committee shall be funded by appropriations made ~~to~~from the Highway Trust Fund and allocated to the ~~Intrastate System projects Fund~~to the Department of Transportation. Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the

House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee."

SECTION 38.(g) Section 6.1 of S.L. 2013-183 reads as rewritten:

"SECTION 6.1. Formula Implementation Report. – The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division no later than August 15, 2013, on the Department's recommended formulas that will be used in the prioritization process to rank highway and nonhighway projects. The Department of Transportation's Prioritization Office shall develop the prioritization processes and formulas for all modes of transportation. The report will include a statement on the process used by the Department to develop the formulas, include a listing of external partners consulted during this ~~process~~, process, indicate differences between the criteria and weights for highway and non-highway modes between the 3.0 workgroup recommendations and the final Department recommendations, and include feedback from its 3.0 workgroup partners on the Department's proposed recommendations. The Department shall not finalize the formula without consulting with the Joint Legislative Transportation Oversight Committee. The Joint Legislative Transportation Oversight Committee has 30 days after the report is received to meet and consult on the Department's recommendations. If no meeting occurs within 30 days after the report is received, the consultation requirement will be met. If consultation occurs and a majority of members serving on the Committee request changes to the Department's recommended formulas for highway and nonhighway modes, the Department shall review the requests and provide to the Committee its response to the requested changes no later than October 1, 2013. A final report on the highway and intermodal formulas shall be submitted to the Joint Legislative Transportation Oversight Committee by January 1, 2014."

SECTION 38.(h) G.S. 136-189.11, as enacted by S.L. 2013-183, is amended by adding a new subsection to read:

"(h) Improvement of Prioritization Process. – The Department shall endeavor to continually improve the methodology and criteria used to score highway and non-highway projects pursuant to this Article, including the use of normalization techniques, and methods to strengthen the data collection process. The Department is directed to continue the use of a workgroup process to develop improvements to the prioritization process. Workgroup participants shall include, but not be limited to, the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Metropolitan Mayors Coalition, and the North Carolina Council of Regional Governments. The workgroup, led by the Prioritization Office, shall contain a minimum of four representatives each from the North Carolina Association of Municipal Planning Organizations and the North Carolina Association of Rural Planning Organizations, and these members will be selected by a vote of each organization. Department participants in the workgroup shall not exceed half of the total group. Beginning December 1, 2016, the Department shall report annually to the Joint Legislative Transportation Oversight Committee on any changes made to the highway or non-highway prioritization process and the resulting impact to the State Transportation Improvement Program. The General Assembly members and staff may attend all workgroup meetings related to the prioritization process, all subgroup meetings of the workgroup, and have access to all related workgroup or subgroup documents."

SECTION 38.(i) Section 6.2 of S.L. 2013-183 reads as rewritten:

"SECTION 6.2. State Transportation Improvement Program Transition Report. – The Department of Transportation shall submit transition reports to members of the Joint Legislative Transportation Oversight Committee, House of Representatives Appropriations Subcommittee on Transportation and the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research Division on March 1, 2014, and November 1, 2014. The reports shall include information on the Department's transition to Strategic Prioritization, overview changes to the State Transportation Improvement Program (STIP) and other internal and external processes that feed into the STIP, and offer statutory and policy recommendations or items for consideration to the General Assembly that will enhance the prioritization process. The March 1, 2014, report shall also include an analysis of the distribution of tax and fee revenues between the Highway Fund and Highway Trust Fund and an analysis to determine if maintenance, construction, operations, administration, and capital expenditures are properly budgeted within the two funds and existing revenues are most effectively distributed between the two funds. The report shall also include recommendations to restructure maintenance

operations and funding to improve efficiency, achieve greater cost effectiveness, and streamline operations to best apply limited resources to the State's maintenance needs."

SECTION 38.5. If Senate Bill 485, 2013 Regular Session, becomes law, then G.S. 143-64.70, as amended by Senate Bill 485, reads as rewritten:

"§ 143-64.70. Personal service contracts – reporting requirements.

(a) By January 1 of each year, each State department, agency, and institution shall make a detailed written report to the Office of State Budget and Management and the Office of State Personnel on its utilization of personal services contracts that have an annual expenditure greater than twenty-five thousand dollars (\$25,000). The report by each State department, agency, and institution shall include the following:

- (1) Identification of the department and employee responsible for oversight of the performance of the contract.
- (2) Vendor or contractor name, object of expenditure description, contract award amount, purchase order or contract number, purchase order start and end date, source of funds, and amount disbursed during the fiscal year.
- (3) through (7) Repealed by Session Laws 2007-322, s. 7, effective July 30, 2007.

(b) By March 15 of each year, the Office of State Budget and Management and the Office of State Personnel shall compile and analyze the information required under subsection (a) of this section and shall submit to the Joint Legislative Commission on Governmental Operations a detailed report on the type, number, duration, cost and effectiveness of State personal services contracts throughout State government.

(c) ~~This section does not apply to The University of North Carolina."~~

SECTION 39.5. If Senate Bill 315, 2013 Regular Session, and House Bill 857, 2013 Regular Session, become law, then Section 5 of Senate Bill 315 is repealed.

SECTION 40. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 143B-426.52(d), as enacted by Section 6.18(a) of Senate Bill 402, reads as rewritten:

"(d) The Commission shall adopt rules for the determination of eligibility and the processing of ~~claims-claims~~ in accordance with G.S. 150B-21.1. Notwithstanding G.S. 150B-21.1(d), the rules adopted pursuant to this section shall expire on the earlier of the date all claims made under this section are finally adjudicated or June 30, 2018."

SECTION 42. Section 1 of S.L. 2007-86, as amended by S.L. 2008-5, reads as rewritten:

"SECTION 1. The governing body of a city or town may adopt ordinances providing that notice of public hearings may be given through electronic means, including, but not limited to, the Town's Internet site. Electronic notice may be in lieu of traditional publication methods. Ordinances adopted pursuant to this section shall not supersede any State law that requires notice by mail to certain classes of people or the posting of signs on certain property and shall not alter the publication schedule for any public notice."

SECTION 43. S.L. 2011-148, 2011-154, 2011-155, and 2011-178 are repealed.

SECTION 43.5.(a) Section 1.4 of S.L. 2011-176, as amended by Section 3.1 of S.L. 2011-406, reads as rewritten:

"SECTION 1.4.(a) Effective immediately, Michelle Shaw of Harnett County is appointed to the Board of Trustees for the State Health Plan for Teachers and State Employees for a term expiring on December 31, 2011.

"SECTION 1.4.(b) ~~Effective January 1, 2012, Michelle Shaw of Harnett County~~ August 1, 2013, Charles Johnson of Wake County is appointed to the Board of Trustees for the State Health Plan for Teachers and State Employees for a term expiring on June 30, 2014, to meet the requirements that an appointee shall be an employee of a State department, agency, or institution pursuant to G.S. 135-48.20(i)(1).

"SECTION 1.4.(c) Effective January 1, 2012, Noah H. Huffstetler III of Wake County is appointed to the Board of Trustees for the State Health Plan for Teachers and State Employees for a term expiring on June 30, 2015, to meet the requirements that an appointee shall have an expertise in the area of health law and policy pursuant to G.S. 135-48.20(j)(4)."

SECTION 43.5.(b) If House Bill 669, 2013 Regular Session, becomes law, Section 1.47 of that act reads as rewritten:

"SECTION 1.47. George Richard Edwards, Jr. of New Hanover County, the Honorable Timothy L. Spear of Washington County, Thomas L. Fonville of Wake County, and Chief

Michell Hicks of ~~Cherokee~~-Jackson County are appointed to the North Carolina Wildlife Resources Commission for terms expiring on June 30, 2015."

SECTION 43.5.(c) If House Bill 669, 2013 Regular Session, becomes law, Section 2.4(a) of that act reads as rewritten:

"SECTION 2.4.(a) ~~Tara Fields of Johnston~~Dr. Roger B. Moore, Jr., of Wake County is appointed to the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for a term expiring on June 30, 2014, to fill the unexpired term of Frank H. Edwards."

SECTION 43.5.(d) If House Bill 669, 2013 Regular Session, becomes law, Section 2.7(b) of that act reads as rewritten:

"SECTION 2.7.(b) ~~Michael Edward~~-Edwards of Wake County is appointed to the Disciplinary Hearing Commission of the North Carolina State Bar for a term expiring on June 30, 2016."

SECTION 43.5.(e) If House Bill 669, 2013 Regular Session, becomes law, Section 2.46 of that act reads as rewritten:

"SECTION 2.46.(a) Baker A. Mitchell, Jr. of New Hanover County is appointed to the North Carolina Charter School Advisory Board for a term expiring on June 30, 2015.

"SECTION 2.46.(b) Alan Hawkes of Guilford County and Paul Norcross of Guilford County are appointed to the North Carolina Charter School Advisory Board for terms expiring on June 30, 2017."

SECTION 43.5.(f) If House Bill 669, 2013 Regular Session, becomes law, Section 2.47 of that act is repealed.

SECTION 44. Section 25 of S.L. 2013-199 reads as rewritten:

"SECTION 25. Section 10 of this act becomes effective January 1, 2016. Section 20 of this act becomes effective January 1, ~~2015~~,2014, and applies to policies whose effective date is on or after that date. Sections 22 and 24 of this act are effective when they become law. Section 23 of this act becomes effective October 1, 2013. The remainder of this act becomes effective July 1, 2013."

SECTION 44.5. Section 2(e) of S.L. 2013-318 is rewritten to read:

"SECTION 2.(e) This section becomes effective the first Monday in December 2014. In the 2014 election, the individual elected to fill the vacant seat for District 1, Seat A, for the remainder of the term shall serve a term of two years. In the 2014 election, three members shall be elected to serve a term of two years, one each from the following geographic areas: Districts 1 and 2, Districts 4 and 5, Districts 3 and 6, as those districts existed on July 1, 2013. Only the qualified voters of each combination of districts shall elect the one member from that combined district. This act does not affect the terms of office of any member elected in 2008 for a six-year term."

SECTION 46. If House Bill 74, 2013 Regular Session, becomes law, Section 12 of House Bill 74 is repealed.

SECTION 47. If House Bill 269, 2013 Regular Session, becomes law, Section 7 of House Bill 269 reads as rewritten:

"SECTION 7. Notwithstanding the definition for "eligible student" set forth in G.S. 115C-112.2, as enacted by this act, a child who is otherwise eligible to receive a scholarship grant for the spring semester of the 2013-2014 school year is deemed to have met the requirements of G.S. 115C-112.2(2)f., as enacted by this act, if the child is a dependent child for whom a taxpayer is allowed a credit for the fall semester of the 2013-2014 school year under G.S. 105-151.33 and the taxpayer affirms, under oath, that the taxpayer will claim the credit for that semester. Notwithstanding G.S. 105-259(b), the Department of Revenue shall furnish, upon request, to the Authority a list of claimants that received a credit pursuant to G.S. 105-151.33 for the taxable year beginning on or after January 1, 2013. Notwithstanding the definition for "eligible student" set forth in G.S. 115C-112.2, as enacted by this act, a child who meets the requirements of G.S. 115C-112.2(a) through (e) and who is eligible for enrollment in kindergarten or the first grade in a North Carolina public school during the 2013-2014 school year shall be eligible to receive a scholarship grant for the spring semester of the 2013-2014 school year."

SECTION 47.2.(a) If House Bill 834, 2013 Regular Session, becomes law, Section 2.2 of that act reads as rewritten:

"SECTION 2.2. The terms of the two attorney members appointed under G.S. 126-2(b)(1), ~~serving on the Commission on January 1, 2013,~~July 1, 2013, shall expire on ~~June 30, 2013,~~July

~~31, 2013. The terms of the persons from private business or industry appointed under G.S. 126-2(b)(2), serving on the Commission on January 1, 2013, July 1, 2013, shall expire on June 30, 2014. The terms of the two State employees appointed under G.S. 126-2(b)(3), serving on the Commission on January 1, 2013, July 1, 2013, shall expire on June 30, 2013. July 31, 2013. The terms of the two local government employees appointed under G.S. 126-2(b)(4), serving on the Commission on January 1, 2013, July 1, 2013, shall expire on June 30, 2014. The term of the public at-large member appointed under G.S. 126-2(b)(5), serving on the Commission on January 1, 2013, July 1, 2013, shall expire June 30, 2013. July 31, 2013. If the terms of office eliminated in this act have not been set out, then the appointing authorities shall determine by July 1, 2013, October 1, 2013, which terms to eliminate to achieve the membership totals pursuant to this act. After determining which terms to eliminate, the appointing authority shall notify in writing all the persons and entities required to receive notification pursuant to G.S. 143-47.7."~~

SECTION 47.2.(b) If House Bill 834, 2013 Regular Session, becomes law, Section 4.6 of that act reads as rewritten:

"**SECTION 4.6.** This Part ~~becomes is effective June 30, 2013,~~ when it becomes law, with the repeal of the provisions in G.S. 126-5(e) and G.S. 126-5(f) applying as to State employees hired on or after that date."

SECTION 47.5. G.S. 20-4.01 reads as rewritten:

"§ 20-4.01. Definitions.

Unless the context requires otherwise, the following definitions apply throughout this Chapter to the defined words and phrases and their cognates:

...
(1c) All-Terrain Vehicle or ATV. – A motorized ~~off-highway~~ vehicle 50 inches or less in width that is designed to travel on three or ~~four more~~ low-pressure tires, ~~tires having a seat designed to be straddled by the operator and handlebars for steering control and~~ manufactured for off-highway use. The terms "all-terrain vehicle" or "ATV" do not include a golf cart or a utility vehicle, as defined in this section, or a riding lawn mower.

...
(48c) Utility Vehicle. – ~~Vehicle designed and manufactured for general maintenance, security, recreational, and landscaping purposes, but does not include vehicles designed and used primarily for the transportation of persons or property on a street or highway.~~ A motor vehicle that is (i) designed for off-road use and (ii) used for general maintenance, security, agricultural, or horticultural purposes. "Utility vehicle" does not include an all-terrain vehicle or golf cart, as defined in this section, or a riding lawn mower.

...."

SECTION 47.6. If House Bill 74, 2013 Regular Session, becomes law, then it is amended by adding a new bill section to read:

"**SECTION 59.1.(a)** This section is effective when it becomes law, and (i) G.S. 130A-295.6(a), as enacted by Section 59.1 of this act, applies to applications for new permits, as defined in sub-subdivisions a. through d. of subdivision (1) of subsection (b) of G.S. 130A-295.8, submitted on after that date; and (ii) G.S. 130A-295.6(h2), as enacted by Section 59.1 of this act, applies to new landfills for which a permit is issued on or after that date."

SECTION 47.7.(a) G.S. 90-294(c) is repealed.

SECTION 47.7.(b) G.S. 90-294 is amended by adding the following new subsection to read:

"(c1) The provisions of this Article do not apply to:

- (1) The activities, services, and use of an official title by a person employed by an agency of the federal government and solely in connection with such employment.
- (2) The activities and services of a student or trainee in speech and language pathology or audiology pursuing a course of study in an accredited college or university, or working in a training center program approved by the Board, if these activities and services constitute a part of the person's course of study.

(3) Individuals licensed under Chapter 93D of the General Statutes."

SECTION 47.7.(c) G.S. 90-295 reads as rewritten:

"§ 90-295. Qualifications of applicants for permanent licensure.

(a) To be eligible for permanent licensure by the Board as a speech and language pathologist, the applicant must:

...

(3) Submit evidence of the completion of a minimum of 400 clock hours of supervised, direct clinical experience with individuals who present a variety of communication disorders. This experience must have been obtained within the training institution or in one of its cooperating programs in the following areas: (i) Speech – Adult (20 diagnostic and 20 therapeutic); Children (20 diagnostic and 20 therapeutic); ~~or and~~ (ii) Language – Adult (20 diagnostic and 20 therapeutic); Children (20 diagnostic and 20 therapeutic). Each new applicant must submit a verified clinical clock hour summary sheet signed by the clinic or program director, in addition to completion of the license application.

...

(6) Exercise good moral conduct as defined in rules adopted by the Board or in a code of moral conduct adopted by the Board.

(b) To be eligible for permanent licensure by the Board as an audiologist, the applicant must:

...

(6) Exercise good moral conduct as defined in rules adopted by the Board or in a code of moral conduct adopted by the Board."

SECTION 47.7.(d) G.S. 90-296(a) reads as rewritten:

"(a) An applicant for ~~permanent~~ licensure who has satisfied the academic requirements of G.S. 90-295, shall pass a written examination approved or established by the Board. ~~A person who holds a temporary license during the supervised experience year must take and pass the examination required by the Board for permanent licensure before the end of the temporary license period."~~

SECTION 47.7.(e) G.S. 90 -298(b) reads as rewritten:

"(b) A temporary license is required when an applicant has not completed the required supervised experience and passed the required examination. ~~A person who holds a temporary license during the supervised experience year must take and pass the examination required by the Board for permanent licensure before the end of the temporary license period."~~

SECTION 47.7.(f) G.S. 90-301 reads as rewritten:

"§ 90-301. Grounds for suspension or revocation of license.

Any person licensed under this Article may have his license revoked or suspended for a fixed period by the Board under the provisions of North Carolina General Statutes, Chapter 150B, for any of the following causes:

- (1) His license has been secured by fraud or deceit practiced upon the Board.
- (2) Fraud or deceit in connection with his services rendered as an audiologist or speech and language pathologist.
- (3) Unethical or immoral conduct as defined in this Article or in a code of ethics adopted by the Board.
- (4) Violation of any lawful order, rule or regulation rendered or adopted by the Board.
- (5) Failure to exercise a reasonable degree of professional skill and care in the delivery of professional services.
- (6) Any violation of the provisions of this Article.
- (7) Failure to exercise good moral conduct as defined in rules adopted by the Board or in a code of moral conduct adopted by the Board."

SECTION 47.7.(g) G.S. 90-302(2) reads as rewritten:

"§ 90-302. Prohibited acts and practices.

No person, partnership, corporation, or other entity may:

- ...
- (2) Purchase or procure by barter a license with intent to use it as evidence of the holder's qualification to practice audiology or speech and language pathology.

...."

PART IV. EFFECTIVE DATE

SECTION 48. Except where otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of July, 2013.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:52 a.m. this 23rd day of August, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-267
HOUSE BILL 110**

AN ACT TO PROVIDE FOR FAIR AND OPEN COMPETITION IN GOVERNMENTAL
CONSTRUCTION CONTRACTS AND TO PROHIBIT REQUIREMENTS FOR
CERTAIN TERMS IN GOVERNMENT CONTRACTS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 8 of Chapter 143 of the General Statutes is amended by adding a new section to read as follows:

"§ 143-133.5. Public contracts; labor organizations.

(a) It is the intent of the General Assembly that the provisions of this section will provide for more economical, nondiscriminatory, neutral, and efficient procurement of construction-related services by the State and political subdivisions of the State as market participants. The General Assembly finds that providing for fair and open competition best effectuates this intent.

(b) Every officer, board, department, commission, or commissions charged with the responsibility of preparation of specifications or awarding or entering into contracts for the erection, construction, alteration, or repair of any buildings for the State, or for any county, municipality, or other public body subject to this Article shall not in any bid specifications, project agreements, or other controlling documents:

(1) Require or prohibit a bidder, offeror, contractor, or subcontractor from adhering to an agreement with one or more labor organizations in regard to that project or a related construction project.

(2) Otherwise discriminate against a bidder, offeror, contractor, or subcontractor for becoming, remaining, refusing to become or remain a signatory to, or for adhering or refusing to adhere to an agreement with one or more labor organizations in regard to that project or a related construction project.

(c) No officer, board, department, commission, or commissions charged with the responsibility of awarding grants or tax incentives, or any county, municipality, or other public body in the award of grants or tax incentives, may award a grant or tax incentive that is conditioned upon a requirement that the awardee include a term described in subsection (b) of this section in a contract document for any construction, improvement, maintenance, or renovation to real property or fixtures that are the subject of the grant or tax incentive.

(d) This section does not prohibit any officer, board, department, commission, or commissions or any county, municipality, or other public body from awarding a contract, grant, or tax incentive to a private owner, bidder, contractor, or subcontractor who enters into or who is party to an agreement with a labor organization if being or becoming a party or adhering to an agreement with a labor organization is not a condition for award of the contract, grant, or tax incentive, and if the State agent, employee, or board or the political subdivision does not discriminate against a private owner, bidder, contractor, or subcontractor in the awarding of that contract, grant, or tax incentive based upon the person's status as being or becoming, or the willingness or refusal to become, a party to an agreement with a labor organization.

(e) This section does not prohibit a contractor or subcontractor from voluntarily entering into or complying with an agreement entered into with one or more labor organizations in regard to a contract with the State or a political subdivision of the State or funded in whole or in part from a grant or tax incentive from the State or political subdivision.

(f) The State or the governing body of a political subdivision may exempt a particular project, contract, subcontract, grant, or tax incentive from the requirements of any or all of the provisions of subsection (b) or (c) of this section if the State or governing body of the political



subdivision finds, after public notice and a hearing, that special circumstances require an exemption to avert a significant, documentable threat to public health or safety. A finding of special circumstances under this section shall not be based on the possibility or presence of a labor dispute concerning the use of contractors or subcontractors who are nonsignatories to, or otherwise do not adhere to, agreements with one or more labor organizations, or concerning employees on the project who are not members of or affiliated with a labor organization.

(g) This section does not do either of the following:

(1) Prohibit employers or other parties from entering into agreements or engaging in any other activity protected by the National Labor Relations Act, 29 U.S.C. §§ 151 to 169.

(2) Interfere with labor relations of parties that are left unregulated under the National Labor Relations Act, 29 U.S.C. §§ 151 to 169."

SECTION 2. This act becomes effective October 1, 2013, and applies to all contracts awarded on or after that date.

In the General Assembly read three times and ratified this the 9th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:27 p.m. this 17th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-363
HOUSE BILL 112**

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO
THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2013 AND TO RELATED LEGISLATION.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

SECTION 1.1.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 6.18(f) of that act is repealed.

SECTION 1.1.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 6.18(e) of that act reads as rewritten:

"**SECTION 6.18.(e)** The Department of Health and Human Services shall submit to the Centers for Medicare and Medicaid Services by ~~August 1, 2013~~, September 30, 2013, a State Plan Amendment for the Medical Assistance Program and a State Plan Amendment for the Children's Health Insurance Program to allow for income, resource, and asset disregard for compensation payments under Part 30 of Article 9 of Chapter 143B of the General Statutes, the Eugenics Asexualization and Sterilization Compensation Program, as enacted by this act."

SECTION 1.2. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 6.4(c) of that act reads as rewritten:

"**SECTION 6.4.(c)** The Attorney General shall take all necessary actions to implement this section and to notify the court in the action entitled State of North Carolina v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County, North Carolina, and the administrators of the State Specific Account established under the Master Settlement Agreement of this action by the General Assembly regarding redirection of payments set forth in subsections (a) and (b) of this section."

SECTION 1.4. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 6.1 of that act reads as rewritten:

"**SECTION 6.1.** For the 2013-2015 fiscal biennium and notwithstanding the provisions of G.S. 143C-4-4(b), funds appropriated to the Contingency and Emergency Fund may be used only for expenditures required (i) by a court or Industrial Commission ~~order or order~~, (ii) to respond to events as authorized under G.S. 166A-19.40(a) of the North Carolina Emergency Management ~~Act~~-Act, (iii) by the State Treasurer to pay death benefits as authorized under Article 12A of Chapter 143 of the General Statutes, (iv) by the Office of the Governor for crime rewards in accordance with G.S. 15-53 and G.S. 15-53.1, (v) by the Industrial Commission for supplemental awards of compensation, or (vi) by the Department of Justice for legal fees. These funds shall not be used for other statutorily authorized purposes or for any other contingencies and emergencies."

SECTION 1.5. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 143C-9-3, as amended by Section 6.4(e) of that act, reads as rewritten:

"§ 143C-9-3. Settlement Reserve Fund.

(a) The "Settlement Reserve Fund" is established in the General Fund to receive proceeds from tobacco litigation settlement agreements or final orders or judgments of a court in litigation between tobacco companies and the states. Funds credited to the Settlement Reserve Fund each fiscal year shall be included in General Fund availability as nontax ~~revenue~~ for the next fiscal year revenue.



- (b), (c) Repealed by Session Laws 2011-145, s. 6.11(i), effective July 1, 2011.
- (d) Unless prohibited by federal law, federal funds provided to the State by block grant or otherwise as part of federal legislation implementing a settlement between United States tobacco companies and the states shall be credited to the Settlement Reserve Fund. Unless otherwise encumbered or distributed under a settlement agreement or final order or judgment of the court, funds paid to the State or a State agency pursuant to a tobacco litigation settlement agreement, or a final order or judgment of a court in litigation between tobacco companies and the states, shall be credited to the Settlement Reserve Fund."

PART II. INFORMATION TECHNOLOGY

SECTION 2.1. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 7.17(e) of that act reads as rewritten:

"**SECTION 7.17.(e)** Internal Costs. – For the 2013-2015 fiscal biennium the Department of Revenue may retain an additional sum of eight million eight hundred seventy-four thousand three hundred nineteen dollars (\$8,874,319) from benefits generated for the General Fund since the beginning of the public-private partnership described under Section 6A.5(a) of S.L. 2011-145. ~~These funds shall be used~~ The Department may use up to eleven million eight hundred seventy-four thousand three hundred nineteen dollars (\$11,874,319) as payment of internal costs for the fiscal biennium, and such funds are hereby appropriated for this purpose."

SECTION 2.2. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 7.22 of that act reads as rewritten:

"**SECTION 7.22.** The State Chief Information Officer (SCIO) shall develop a plan to implement an electronic portal that makes obtaining information, conducting online transactions, and communicating with State agencies more convenient for members of the public. The SCIO shall report to the Joint Legislative Oversight Committee on Information Technology on the details of the plan prior to implementation. The plan shall contain all of the following:

- ...
- (6) A provision requiring that any fees to support the operation of the portal must be authorized by ~~the General Assembly~~ the State Chief Information Officer and reported to the Joint Legislative Oversight Committee on Information Technology."

SECTION 2.3. If Senate Bill 402, 2013 Regular Session, becomes law, then the title of Section 7.8 of that act and Section 7.8 of that act reads as rewritten:

~~"INFORMATION TECHNOLOGY PERSONAL SERVICES CONTRACT REQUIREMENTS PERSONAL SERVICE/CONVENIENCE CONTRACT"~~

"**SECTION 7.8.** Notwithstanding any provision of law to the contrary, no contract for information technology personal services, or that provides personnel to perform information technology functions, may be established or renewed without written approval from the Statewide Information Technology Procurement Office and the Office of State Budget and Management. To facilitate compliance with this requirement, the Statewide Information Technology Procurement Office shall develop and document the following:

- (1) Standards for determining whether it is more appropriate for an agency to hire an employee or use the services of a vendor.
- (2) A process to monitor all State agency personal services contracts, as well as any other State contracts providing personnel to perform information technology functions.
- (3) A process for obtaining approval of contractor positions.

The Statewide Information Technology Procurement Office shall review current personal services contracts and determine if each contractor is performing a function that could more appropriately be performed by a State employee. Where the determination is made that a State employee should be performing the function, the Statewide Information Technology Procurement Office shall work with the impacted ~~agency~~ agency, the Office of State Budget and Management, and the Office of State Personnel to identify or create the position.

Beginning October 1, 2013, the Statewide Information Technology Procurement Office shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on its progress toward standardizing information technology personal

services contracts. In addition, the report shall include detailed information on the number of personal service contractors in each State agency, the cost for each, and the comparable cost (including benefits) of a State employee serving in that capacity rather than a contractor."

SECTION 2.4.(a) If Senate Bill 402, 2013 Regular Session, becomes law, G.S. 143B-426.38A(f)(1), as enacted by Section 7.10(d) of that act, reads as rewritten:

"(f) Data Sharing. –

(1) General duties of all State agencies. – ~~The~~Except as limited or prohibited by federal law, the head of each State agency, department, and institution shall do all of the following:

...."

SECTION 2.4.(b) This section is effective when it becomes law.

PART III. EDUCATION

SECTION 3.2. If House Bill 269, 2013 Regular Session, becomes law, then Section 5 of that act is rewritten to read:

"**SECTION 5.(a)** Of the funds appropriated to a Reserve for Pending Legislation by Senate Bill 402, 2013 Regular Session, there is allocated to the North Carolina State Education Assistance Authority (NCSEAA) the sum of three million six hundred seventy thousand five hundred dollars (\$3,670,500) for the 2013-2014 fiscal year and the sum of four million three hundred forty-one thousand dollars (\$4,341,000) for the 2014-2015 fiscal year in recurring funds to implement the requirements of this act. Of the funds allocated to NCSEAA under this section, NCSEAA shall use the sum of three million dollars (\$3,000,000) for fiscal year 2013-2014 and the sum of three million dollars (\$3,000,000) for fiscal year 2014-2015 to award scholarship grants to eligible students. Any unexpended funds for this purpose shall not revert at the end of each fiscal year but shall remain available to award scholarship grants to eligible students.

Of the remainder of the funds, up to six hundred seventy thousand five hundred dollars (\$670,500) for fiscal year 2013-2014 and up to one million three hundred forty-one thousand dollars (\$1,341,000) for fiscal year 2014-2015 shall be transferred to the North Carolina Department of Public Instruction to conduct reevaluations of eligible students as required by G.S. 115C-112.3(c), as enacted by this act.

"**SECTION 5.(b)** Of the funds allocated to NCSEAA to be used for the award of scholarship grants to eligible students under subsection (a) of this section, for fiscal year 2013-2014, NCSEAA may retain up to two hundred thousand dollars (\$200,000) for administrative costs associated with the scholarship grant program. For fiscal year 2014-2015 and subsequent years, NCSEAA may retain up to two percent (2%) annually for administrative costs associated with the scholarship grant program."

SECTION 3.3.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 115C-301 reads as rewritten:

"**§ 115C-301. Allocation of teachers; class size.**

(a) Request for Funds. – The State Board of Education, based upon the reports of local boards of education and such other information as the State Board may require from local boards, shall determine for each local school administrative unit the number of teachers and other instructional personnel to be included in the State budget request.

(b) Allocation of Positions. – The State Board of Education is authorized to adopt rules to allot instructional personnel and teachers, within funds appropriated.

(c) ~~Maximum Class Size.~~Size for Kindergarten Through Third Grade. – The average class size for ~~each grade span kindergarten through third grade~~ in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to ~~students~~students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. ~~At no time may the General Assembly appropriate funds for higher unit wide class averages than those for which State funds were provided during the 1984-85 school year.~~In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.

~~(d) Maximum Teaching Load. — Students shall be assigned to classes so that from the 15th day of the school year through the end of the school year the number of students for whom teachers in grades 7 through 12 are assigned teaching responsibilities during the course of the day is no more than 150 students, except as provided in subsection (g) of this section.~~

~~(e) Alternative Maximum Class Sizes. — The State Board of Education, in its discretion, may set higher maximum class sizes and daily teaching loads for classes in music, physical education, and other similar subjects, so long as the effectiveness of the instructional programs in those areas is not thereby impaired.~~

~~(f) Second Month Reports. — At the end of the second month of each school year, each local board of education, through the superintendent, shall file a report for each school within the school unit with the State Board of Education. The report shall be filed in a format prescribed by the State Board of Education and shall include the organization for each school, the duties of each teacher, the size of each class, the teaching load of each teacher, and such other information as the State Board may require. As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size and daily teaching load maximums in kindergarten through third grade that occur at that time.~~

~~(g) Waivers and Allotment Adjustments. — Local boards of education shall report exceptions to the class size requirements set out for kindergarten through third grade and significant increases in class size at other grade levels to the State Board of Education as provided in G.S. 115C-47(10), and shall request allotment adjustments or at any grade level, waivers from the standards set out above requirements for kindergarten through third grade, or both. Within 45 days of receipt of reports, the State Board of Education, within funds available, may allot additional positions or grant waivers for the excess class size or daily load in kindergarten through third grade.~~

~~(1) If the exception resulted from (i) exceptional circumstances, emergencies, or acts of God, (ii) large changes in student population, (iii) organizational problems caused by remote geographic location, or (iv) classes organized for a solitary curricular area, and~~

~~(2) If the local board cannot organizationally correct the exception.~~

~~(h) State Board Rules. — The State Board of Education shall adopt rules necessary for the implementation of class size and teaching load provisions this section.~~

~~(i) Penalty for Noncompliance. — If the State Board of Education determines that a local superintendent has willfully failed to comply with the requirements of this section, no State funds shall be allocated to pay the superintendent's salary for the period of time the superintendent is in noncompliance."~~

SECTION 3.3.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 115C-47(10) reads as rewritten:

"§ 115C-47. Powers and duties generally.

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...
(10) To Assure Appropriate Class Size. — It shall be the responsibility of local boards of education to assure that the class size and teaching load requirements set forth in G.S. 115C-301 for kindergarten through third grade are met. Any teacher who believes that the requirements of G.S. 115C-301 have not been met shall make a report to the principal and superintendent, and the superintendent shall immediately determine whether the requirements have in fact not been met. If the superintendent determines the requirements have not been met, he or she shall make a report to the next local board of education meeting. The local board of education shall take action to meet the requirements of the statute. If the local board cannot organizationally correct the exception and if any of the conditions set out in G.S. 115C-301(g)(1) exist, exception, it shall immediately apply to the State Board of Education for additional personnel or a waiver of the class size requirements, as provided in G.S. 115C-301(g).

Upon notification from the State Board of Education that the reported exception does not qualify for an allotment adjustment or a waiver under provisions of G.S. 115C-301, the local board, within 30 days, shall take action necessary to correct the exception.

At the end of the second month of each school year, the local board of education, through the superintendent, shall file a report with the State Board of Education, in a format prescribed by the State Board of Education, describing the organization of each school, the duties of each teacher, and the size of each class, and the teaching load of each teacher-class. As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size and daily teaching load maximums that exist at that time.

In addition to assuring that the requirements of G.S. 115C-301 are met, each local board of education shall also have the duty to provide an adequate number of classrooms to meet the requirements of that statute."

SECTION 3.3.(c) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 115C-276(k) reads as rewritten:

"(k) To Submit Organization Reports and Other Information to the State Board. – Each year the superintendent of each local school administrative unit shall submit to the State Board of Education statistical reports, certified by the chairman of the board of education, showing the organization of the schools in his or her unit and any additional information the State Board may require. At the end of the second month of school each year, local boards of education, through the superintendent, shall report school organization, employees' duties, and class sizes, and teaching loads ~~sizes~~ to the State Board of Education ~~as provided in G.S. 115C-47(10).Board.~~ As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size and daily teaching load maximums in kindergarten through third grade that occur at that time."

SECTION 3.3.(d) Notwithstanding G.S. 115C-301 or any other law, for the 2013-2015 fiscal biennium, the class size requirements in kindergarten through third grade shall remain unchanged.

SECTION 3.4. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 2.1 of that act reads as rewritten:

"CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

"SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2015, according to the following schedule:

Current Operations – General Fund	2013-2014	2014-2015
EDUCATION		
Community Colleges System Office	1,021,295,467	1,016,487,467
Department of Public Instruction	7,867,960,649	8,048,101,622
University of North Carolina – Board of Governors		
Appalachian State University	127,908,903	127,908,903
East Carolina University		
Academic Affairs	220,012,450	220,615,626
Health Affairs	64,841,247	64,841,247
Elizabeth City State University	35,363,212	35,385,057
Fayetteville State University	49,336,186	49,336,186
North Carolina Agricultural and Technical State University	96,882,428	96,882,428
North Carolina Central University	84,084,488	84,084,488
North Carolina State University		
Academic Affairs	389,976,973	390,045,059
Agricultural Extension	39,859,682	39,859,682
Agricultural Research	54,911,053	54,911,053
University of North Carolina at Asheville	37,465,299	37,465,299
University of North Carolina at Chapel Hill		
Academic Affairs	274,632,544	274,515,910

Health Affairs	187,260,403	190,741,444
Area Health Education Centers	42,418,348	42,418,348
University of North Carolina at Charlotte	192,697,970	192,683,456
University of North Carolina at Greensboro	153,838,192	153,783,960
University of North Carolina at Pembroke	54,175,566	54,175,566
University of North Carolina School of the Arts	31,547,460	29,146,203
University of North Carolina at Wilmington	96,484,692	96,484,692
Western Carolina University	83,140,199	83,161,081
Winston-Salem State University	68,957,656	68,980,084
General Administration	34,752,475	34,752,475
University Institutional Programs	(32,137,074)	(52,671,909)
Related Educational Programs	82,160,148	117,918,501
		<u>107,918,501</u>
North Carolina School of Science and Mathematics	19,126,182	19,126,182
Aid to Private Colleges <u>Institutions</u>	93,351,588	<u>93,351,588</u>
		<u>103,351,588</u>
Total University of North Carolina – Board of Governors	2,583,048,270	2,599,901,709
...."		

SECTION 3.5. G.S. 115C-238.70(a) is amended by adding a new subdivision to read:

"§ 115C-238.70. State and local funds.

(a) The State Board of Education shall allocate to a regional school:

- ...
- (4) If the regional school has a final total average daily membership of 100 or more students, an amount to fund 12 months of employment for the school principal position."

SECTION 3.6. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 115C-83.11(b)(7), as enacted by Section 9.4(b) of that act, reads as rewritten:

"(b) Calculation of the School Achievement Score. – In calculating the overall school achievement score earned by schools, the State Board of Education shall total the sum of points earned by a school on all of the following indicators that are measured for that school:

- ...
- (7) One point for each percent of students who complete ~~the Algebra II or Integrated Math III end-of-course test~~ Algebra II or Integrated Math III with a passing grade."

SECTION 3.7. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 10.4A(a) of that act reads as rewritten:

"SECTION 10.4A.(a) It is the intent of the General Assembly that, beginning with the 2014-2015 fiscal year, the State Board of Community ~~Colleges~~Colleges, in consultation and cooperation with the Office of State Budget and Management, shall implement a fourth tier in the Tiered Funding Formula adopted by the State Board to allocate funds to community colleges based on the number of full-time equivalent (FTE) students enrolled in curriculum, continuing education, and Basic Skills courses in order to fund curriculum programs leading to immediate employment at the highest available funding level."

SECTION 3.8. If Senate Bill 402, 2013 Regular Session, becomes law, then notwithstanding any provision in that act to the contrary, the reduction to the cash balance of the Teaching Fellows Trust Fund for the 2013-2014 fiscal year shall be taken from Budget Code 63501.

SECTION 3.9. Notwithstanding Section 7A.1(i) of S.L. 2012-142 or any other provision of law to the contrary, the developmental screening and kindergarten entry assessment required by G.S. 115C-83.5 shall be administered beginning with the 2014-2015 school year in at least fifty percent (50%) of local school administrative units with statewide administration implemented no later than the 2015-2016 school year.

SECTION 3.10.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 115C-64.10(a), as enacted by Section 8.34(a) of that act, reads as rewritten:

"(a) There is created the North Carolina Education and Workforce Innovation Commission (Commission). The Commission shall be located administratively in the ~~Department of Public Instruction~~ Office of the Governor but shall exercise all its prescribed powers independently of the ~~Department of Public Instruction~~ Office of the Governor. Of the funds appropriated for the Education and Workforce Innovation Program established under G.S. 115C-64.11, up to two hundred thousand dollars (\$200,000) each fiscal year may be used by the ~~Department of Public Instruction~~ Office of the Governor to provide technical assistance and administrative assistance, including staff, to the Commission and reimbursements and expenses for the Commission."

SECTION 3.10.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 2.1 of that act reads as rewritten:

"**SECTION 2.1.** Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the fiscal biennium ending June 30, 2015, according to the following schedule:

Current Operations – General Fund	2013-2014	2014-2015
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EDUCATION

Community Colleges System Office	1,021,295,467	1,016,487,467
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Department of Public Instruction	7,867,960,649 <u>7,865,960,649</u>	8,048,101,622 <u>8,046,101,622</u>
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...

Office of the Governor		
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Office of the Governor	5,170,050 <u>5,170,050</u>	5,172,132 <u>5,172,132</u>
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...."

SECTION 3.10.(c) If Senate Bill 402, 2013 Regular Session, becomes law, then notwithstanding any provision of that act, the Department of Public Instruction shall not use any of the funds appropriated to it in that act, as amended by this act, for the 2013-2015 fiscal biennium to support the program for competitive grants established in Section 8.34 of that act.

SECTION 3.10.(d) If Senate Bill 402, 2013 Regular Session, becomes law, then of the funds appropriated to the Office of the Governor in that act, as amended by this act, the Office of the Governor shall use the sum of two million dollars (\$2,000,000) in recurring funds for each fiscal year of the 2013-2015 fiscal biennium to support the program for competitive grants established in accordance with Section 8.34 of that act, as amended by this act.

SECTION 3.11. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 8.4 of that act reads as rewritten:

"**SECTION 8.4.(a)** Funds for Small School Systems for the 2013-2014 Fiscal Year. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding for the 2013-2014 fiscal year (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from ~~3,239~~ 3,175 to ~~4,084~~ 4,000 students. The allocation formula shall do all of the following:

..."**SECTION 8.4.(g)** Nonsupplant Requirement for the 2013-2015 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2013-2015 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding ~~that~~ that a

county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local ~~expenditures~~ current expense appropriations per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

...."

SECTION 3.12. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 11.10(b) of that act reads as rewritten:

"SECTION 11.10.(b) ~~Subsection (d) of Section 9.10 of S.L. 2012-142 is repealed. This section expires June 30, 2015.~~"

SECTION 3.14. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 10.15(c) of that act reads as rewritten:

"SECTION 10.15.(c) A study of the program audit function under G.S. 115D-5(m) shall be conducted by a committee, located administratively in the Community Colleges System Office, composed of the following 12 members:

- (1) The Community Colleges System Office Chief Financial ~~Officer~~ Officer shall serve as a nonvoting member.
- (2) Three State Board of Community College members appointed by the chair of the State Board of Community Colleges.
- (3) Three college presidents appointed by the North Carolina Association of Community College Presidents.
- (4) Three college board of trustee members appointed by the chair of the North Carolina Association of Community College Trustees.
- (5) The State Chief Information Officer or ~~designee~~ designee shall serve as a nonvoting member.
- (6) The State Auditor or designee shall serve as a nonvoting member.

~~The Community Colleges System Office Chief Financial Officer shall chair the committee. The committee shall elect a chair from its members. The committee shall meet upon the call of the chair. A quorum of the committee shall be a majority of the members.~~

The committee shall determine how program audit procedures may be streamlined to minimize the administrative burden on the institutions being audited and how funding mechanisms may be changed to reduce reliance on contact hours. The committee shall seek input from community college staff members who are responsible for assistance with the program audits to study the problems associated with the program audit function and potential resolutions for those issues. The committee shall report the results of its study and recommendations to the Joint Legislative Education Oversight Committee by January 1, 2015."

SECTION 3.15. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 10.16(a) of that act reads as rewritten:

"SECTION 10.16.(a) Of the funds appropriated in this act to the Community Colleges System Office for the 2013-2014 fiscal year, the sum of four million eight hundred eight thousand dollars (\$4,808,000) shall be used for the North Carolina Back-to-Work Program, a retraining program focused on unemployed and underemployed North Carolinians, military veterans, and North Carolina National Guard members. The program shall provide students with occupational skills, employability skills, including a Career Readiness Certificate, and opportunities to earn third-party, industry recognized credentials. Funds may only be allocated to community colleges whose training plans include support for one or more of the following: (i) employers who have committed to assist colleges with the design and implementation of their training plans and to interview program completers for available jobs; (ii) companies with registered apprenticeship programs with the North Carolina Department of Labor; (iii) coordinated projects among two or more colleges that focus on serving the needs of an industry

cluster; or (iv) programs developed in collaboration with the North Carolina National Guard Veteran's Connect or veterans' organizations. Funds may only be used for the following activities: student instruction, student support and coaching, and targeted financial assistance for students, including assistance with tuition, registration fees, books, and certification costs."

SECTION 3.16. If Senate Bill 402, 2013 Regular Session becomes law, then Section 11.17 of that act reads as rewritten:

"SECTION 11.17.(a) ~~The Board of Governors of The University of North Carolina and the State Board of Community Colleges-Colleges, shall jointly~~ study the feasibility of establishing an alternative undergraduate admission program to be known as the North Carolina Guaranteed Admission Program (NC GAP). The goals of NC GAP shall be to encourage and assist more students to obtain a baccalaureate degree within a shorter time period; to provide students with a college education at significantly lower costs for both the student and the State; to help decrease the amount of debt resulting from loans that a student may owe upon graduation; to provide a student with an interim degree that may increase a student's job opportunities if the student chooses not to continue postsecondary education; and to provide easier access to academic counseling that will assist a student in selecting coursework that reflects the student's educational and career goals and helps the student succeed academically.

NC GAP shall be designed as an alternative admission program for students who apply for admission to a constituent institution and satisfy the admission criteria but whose academic credentials are not as competitive as other students admitted to the institution. A student admitted to a constituent institution through NC GAP must agree to defer enrollment at the institution until the student earns an associate degree from one of the State's community colleges. Counseling and assistance shall be provided by the community college to any student in NC GAP to help the student in selecting coursework that reflects the student's educational and career goals and that provides a smooth transition from the community college to the constituent institution.

Once awarded the associate degree from the community college, the student is entitled to admission as a junior at the constituent institution.

Each constituent institution of higher education would be directed to establish NC GAP as part of its undergraduate admission program.

"SECTION 11.17.(b) ~~The Board of Governors of The University of North Carolina and the State Board of Community Colleges~~ The Joint Legislative Education Oversight Committee shall report ~~their~~ its findings and recommendations regarding NC GAP ~~to the Joint Legislative Education Oversight Committee by March 1, 2014.~~ NC GAP, together with any recommended legislation, to the 2014 Regular Session of the 2013 General Assembly, upon its convening. The report shall include a comprehensive description of the proposed program, including the criteria that would be used to determine which students would be required to participate in the program as a condition of enrollment and the academic counseling that would need to be available to help students in NC GAP succeed academically."

SECTION 3.17. If House Bill 269, 2013 Regular Session, becomes law, then Section 7 of that act reads as rewritten:

"SECTION 7. Notwithstanding the definition for "eligible student" set forth in G.S. 115C-112.2, as enacted by this act, a child who is otherwise eligible to receive a scholarship grant for the spring semester of the 2013-2014 school year is deemed to have met the requirements of G.S. 115C-112.2(2)f., as enacted by this act, if the child is a dependent child for whom a taxpayer is allowed a credit for the fall semester of the 2013-2014 school year under G.S. 105-151.33 and the taxpayer affirms, under oath, that the taxpayer will claim the credit for that semester. Notwithstanding G.S. 105-259(b), the Department of Revenue shall furnish, upon request, to the Authority a list of claimants that received a credit pursuant to G.S. 105-151.33 for the taxable year beginning on or after January 1, 2013. Notwithstanding the definition for "eligible student" set forth in G.S. 115C-112.2, as enacted by this act, a child who meets the requirements of G.S. 115C-112.2(a) through (e) and who is eligible for enrollment in kindergarten or the first grade in a North Carolina public school during the 2013-2014 school year shall be eligible to receive a scholarship grant for the spring semester of the 2013-2014 school year."

SECTION 3.18. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 115C-174.18, as amended by Section 8.27(c) of that act, reads as rewritten:

"§ 115C-174.18. Opportunity to take Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT).

Every student in the eighth through tenth grades who has completed Algebra I or who is in the last month of Algebra I shall be given an opportunity to take a version of either the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the PLAN precursor test to the ACT, at the discretion of the local school administrative unit, one time at no cost to the student. The maximum amount of State funds used for this purpose shall be the cost of the PSAT/NMSQT."

SECTION 3.19. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 8.3(g) of that act reads as rewritten:

"SECTION 8.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2013-2015 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local ~~expenditures~~ current expense appropriations per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection."

SECTION 3.20. If Senate Bill 402, 2013 Regular Session, becomes law, the Department of Public Instruction shall study the nonsupplant requirement for low-wealth counties supplemental funding as described in Section 8.3(g) of that act, as amended by this act, and the nonsupplant requirement for small county supplemental funding allotments, as described in Section 8.4(g) of that act, as amended by this act. The study shall include consideration of potential modifications to the nonsupplant requirements that would account for increases to the local fund balance from the previous fiscal year. The Department of Public Instruction shall report the results of the study and any recommendations for modifications to the nonsupplant requirements for low-wealth and small county supplemental funding to the Fiscal Research Division by March 15, 2014.

PART IV. HEALTH AND HUMAN SERVICES

SECTION 4.1.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then that act is amended by adding a new section to read:

"SPECIFY BOARD SELECTION FOR THE NORTH CAROLINA INSTITUTE OF MEDICINE

"SECTION 121.1.(a) G.S. 90-470 reads as rewritten:

"§ 90-470. Institute of Medicine.

(a) The persons appointed under the provisions of this section are declared to be a body politic and corporate under the name and style of the North Carolina Institute of Medicine, and by that name may sue and be sued, make and use a corporate seal and alter the same at pleasure, contract and be contracted with, and shall have and enjoy all the rights and privileges necessary for the purposes of this section. The corporation shall have perpetual succession.

(b) The purposes for which the corporation is organized are to:

- (1) Be concerned with the health of the people of North Carolina;
- (2) Monitor and study health matters;
- (3) Respond authoritatively when found advisable;

- (4) Respond to requests from outside sources for analysis and advice when this will aid in forming a basis for health policy decisions.

~~The 18 initial members of the North Carolina Institute of Medicine shall be appointed by the Governor.~~

(c) The North Carolina Institute of Medicine shall be governed by a Board of Directors. The initial members are authorized, prior to expanding the membership, Board of Directors is authorized to establish and amend bylaws, to procure facilities, employ a director and staff, to solicit, receive and administer funds in the name of the North Carolina Institute of Medicine, and carry out other activities necessary to fulfill the purposes of this section.

(d) ~~The members~~ Board of Directors shall select ~~with the approval of the Governor~~ additional ~~members~~, members of the North Carolina Institute of Medicine, so that the total membership will not exceed a number determined by the Board of Directors in its bylaws. The membership should be distinguished and influential leaders from the major health professions, the hospital industry, the health insurance industry, State and county government and other political units, education, business and industry, the universities, and the university medical centers.

(e) The North Carolina Institute of Medicine may receive and administer funds from private sources, foundations, State and county governments, federal agencies, and professional organizations.

(f) The director and staff of the North Carolina Institute of Medicine should be chosen from those well established in the field of health promotion and medical care.

~~For the purposes of Chapter 55A of the General Statutes, the members appointed under this section shall be considered the initial board of directors.~~

(g) The North Carolina Institute of Medicine is declared to be under the patronage and control of the State.

(h) The General Assembly reserves the right to alter, amend, or repeal this ~~section~~ Article.

"SECTION 121.1.(b) Article 31 of Chapter 90 is amended by adding a new section to read as follows:

"§ 90-471. Board of Directors of the Institute of Medicine.

(a) The Board of Directors of the North Carolina Institute of Medicine shall be appointed as follows:

- (1) Seven individuals appointed by the General Assembly on the recommendation of the Speaker of the House of Representatives.
- (2) Seven individuals appointed by the General Assembly on the recommendation of the President Pro Tempore of the Senate.
- (3) Seven individuals appointed by the Governor.

(b) The members of the Board of Directors should be distinguished and influential leaders from the major health professions, the hospital industry, the health insurance industry, State and county government and other political units, education, business and industry, the universities, and the university medical centers.

(c) Terms on the Board of Directors shall be for four years, and no individual may serve more than two consecutive terms."

"SECTION 121.1.(c) For the appointments under G.S. 90-471, as enacted by this section, with terms to begin on January 1, 2014, the appointing authorities shall designate certain appointees to serve initial two-year terms as follows:

- (1) Of those appointments on the recommendation of the Speaker of the House of Representatives, three shall be designated for two-year terms.
- (2) Of those appointments on the recommendation of the President Pro Tempore of the Senate, three shall be designated for two-year terms.
- (3) Of those appointments by the Governor, four shall be designated for two-year terms.

A two-year term under this subsection shall count as a term for purposes of the two consecutive term limit provided in G.S. 90-471(c), as enacted by this section.

"SECTION 121.1.(d) The members of the Board of Directors serving as of the effective date of this act may continue to serve until January 1, 2014.

"SECTION 121.1.(e) Subsections (a) and (b) of this section become effective January 1, 2014."

SECTION 4.2. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 143B-168.4(b), as amended by Section 12B.1(h) of that act reads as rewritten:

(b) Members shall be appointed as follows:

- (1) Of the Governor's initial appointees, four shall be appointed for terms expiring June 30, 2015, and three shall be appointed for terms expiring June 30, 2016;
- (2) Of the General Assembly's initial appointees appointed upon recommendation of the President Pro Tempore of the Senate, ~~two~~ three shall be appointed for terms expiring June 30, 2015, and two shall be appointed for terms expiring June 30, 2016;
- (3) Of the General Assembly's initial appointees appointed upon recommendation of the Speaker of the House of Representatives, two shall be appointed for terms expiring June 30, 2015, and ~~two~~ three shall be appointed for terms expiring June 30, 2016.

Appointments by the General Assembly shall be made in accordance with G.S. 120-121. After the initial appointees' terms have expired, all members shall be appointed to serve two-year terms. Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term."

SECTION 4.3. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12B.1 is amended by adding the following new subsection to read:

"SECTION 12B.1.(j) The Department of Health and Human Services, Division of Child Development and Early Education, may exempt from licensure requirements public classrooms currently participating in the NC Pre-K program that are not yet licensed by the Division. In making its decision to exempt a public classroom from the licensure requirements, the Division shall review the available capacity of other licensed facilities in the geographic area. All public classrooms participating in the NC Pre-K program shall be licensed by the Division no later than July 1, 2014."

SECTION 4.4. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12H.13(g) of that act reads as rewritten:

"SECTION 12H.13.(g) In order to achieve cost-savings and improve health outcomes, the Department of Health and Human Services, Division of Medical Assistance, may impose prior authorization requirements and other restrictions on medications prescribed to Medicaid and Health Choice recipients for the treatment of mental illness, including, but not limited to, prior authorization requirements and restrictions on ~~(i) medications on the Preferred Drug List (PDL) that are prescribed for the treatment of mental illness and (ii) medications for attention deficit hyperactivity disorder (ADHD) or attention deficit disorder (ADD) that are prescribed to juveniles for off-label uses.~~ juveniles. Notwithstanding the foregoing, the Department shall not require prior authorization for medications on the Preferred Drug List (PDL) that are prescribed for the treatment of mental illness."

SECTION 4.6. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 131E-184(f)(2), as amended by Section 12G.3(b) of that act, reads as rewritten:

- (2) The Department has previously issued a certificate of need for the equipment being ~~replaced~~ replaced. This subdivision does not apply if a certificate of need was not required at the time the equipment being replaced was initially purchased by the licensed health service facility."

SECTION 4.7. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12B.7 of that act reads as rewritten:

"ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION

"SECTION 12B.7.(a) The Department of Health and Human Services, Division of Child Development and Early Education, shall fund the allowance that county departments of social services may use for administrative costs at four percent (4%) of the county's total child care subsidy funds allocated in the Child Care and Development Fund Block Grant plan or eighty

260 thousand dollars (\$80,000), whichever is greater.

"SECTION 12B.7.(b) Each county department of social services may use up to two percent (2%) of child care subsidy funds allocated to the county for fraud detection and investigation initiatives.

"SECTION 12B.7.(c) ~~The Department of Health and Human Services, Division of Child Development and Early Education, Education~~ shall submit a progress report on the amount allocated and the use of child care subsidy funds under subsection (b) of this section to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than May 1, 2014, and 2014. The Division shall submit a follow-up report on the amount allocated and the use of those funds no later than January 1, 2015.

"SECTION 12B.7.(d) The Division of Child Development and Early Education may adjust the allocations in the Child Care and Development Fund Block Grant under Section 12J.1(a) of this act according to (i) the final allocations for local departments of social services under subsection (a) of this section and (ii) the funds allocated for fraud detection and investigation initiatives under subsection (b) of this section. The Division shall submit a report on the final adjustments to the allocations of the four percent (4%) administrative costs to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than September 30, 2013."

SECTION 4.8. If House Bill 831, 2013 Regular Session, becomes law, then Section 9(a) of that act reads as rewritten:

"SECTION 9.(a) Notwithstanding any other law, within 30 days of passage of Senate Bill 402, 2013 Regular Session, Appropriations Act of 2013, the State Board of Education shall ~~identify recurring budget reductions identify, within the funds appropriated to the Department of Public Instruction or to State Aid for Public Schools-Schools, the sum in the amount of one million six hundred thousand dollars (\$1,600,000) for the 2013-2014 fiscal year and three million two hundred thousand dollars (\$3,200,000) for the 2014-2015 fiscal year to ensure the provision of educational services as provided in this act."~~

SECTION 4.9.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12H.3 of that act is rewritten to read:

"GENERAL MEDICAID POLICIES

"SECTION 12H.3.(a) G.S. 108A-54 reads as rewritten:

"§ 108A-54. Authorization of Medical Assistance Program.

(a) The Department is authorized to establish a Medicaid Program in accordance with Title XIX of the federal Social Security Act. The Department may adopt rules to implement the Program. The State is responsible for the nonfederal share of the costs of medical services provided under the Program. In addition, the State shall pay one hundred percent (100%) of the federal Medicare Part D clawback payments under the Medicare Modernization Act of 2004, P.L. 108-173, as amended. A county is responsible for the county's cost of administering the Program in that county.

...

(c) The Medicaid Program shall be administered and operated in accordance with this Part and the North Carolina Medicaid State Plan and Waivers, as periodically amended by the Department of Health and Human Services in accordance with G.S. 108A-54.1A and approved by the federal government."

"SECTION 12H.3.(b) The Department shall not take any actions that the Department determines would jeopardize the State's qualification to receive federal funds through the Medicaid Program."

SECTION 4.9.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12H.8 of that act is rewritten to read:

"ELECTRONIC TRANSACTION REQUIREMENTS FOR PROVIDERS

"SECTION 12H.8.(a) Providers shall follow the Department's established procedures for securing electronic payments, and the Department shall not provide routine provider payments by check. Medicaid providers shall file claims electronically, except that nonelectronic claims submission may be required when it is in the best interest of the Department.

"SECTION 12H.8.(b) Providers shall submit Preadmission Screening and Annual Resident Reviews (PASARR) through the Department's Web-based tool or through a vendor with interface capability to submit data into the Web-based PASARR.

"SECTION 12H.8.(c) Providers shall submit requests for prior authorizations electronically via Web site. Providers shall access their authorizations via online portals rather than receiving hard copies by mail. Providers shall receive copies of adverse decisions electronically, although recipients shall receive adverse decisions via certified mail.

"SECTION 12H.8.(d) Providers shall submit their provider enrollment applications online. The Department shall accept electronic signatures rather than require receipt of signed hard copies."

SECTION 4.11. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12A.4(k) of that act reads as rewritten:

"SECTION 12A.4.(k) Subsection (j) of this section becomes effective ~~July 1, 2014~~, January 1, 2015."

SECTION 4.12.(a) If House Bill 399, 2013 Regular Session, becomes law, then Section 12 of that act reads as rewritten:

"SECTION 12. Section 10 of this act is effective when this act becomes law. Section 11 of this act becomes effective ~~January 1, 2014~~, April 1, 2014. The remainder of this act becomes effective October 1, 2013."

SECTION 4.12.(b) If House Bill 399, 2013 Regular Session, does not become law, then G.S. 122C-115(a), as amended by Section 4(a) of S.L. 2013-85, reads as rewritten:

"(a) A county shall provide mental health, developmental disabilities, and substance abuse services in accordance with rules, policies, and guidelines adopted pursuant to statewide restructuring of the management responsibilities for the delivery of services for individuals with mental illness, intellectual or other developmental disabilities, and substance abuse disorders under a 1915(b)/(c) Medicaid Waiver through an area authority. Beginning July 1, 2012, the catchment area of an area authority shall contain a minimum population of at least 300,000. Beginning July 1, 2013, the catchment area of an area authority shall contain a minimum population of at least 500,000. To the extent this section conflicts with ~~G.S. 153A-77(a)~~ G.S. 153A-77 or G.S. 122C-115.1, the provisions of this section control."

SECTION 4.12.(c) If House Bill 399, 2013 Regular Session, does not become law, then Section 12 of S.L. 2013-85 reads as rewritten:

"SECTION 12. Section 4(a) of this act becomes effective ~~January 1, 2014~~, April 1, 2014. The remainder of this act is effective when it becomes law."

SECTION 4.13. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12H.13(f) of that act reads as rewritten:

"SECTION 12H.13.(f) Effective January 1, 2014, the following changes are made to drug reimbursements:

- (1) ~~Prices~~ Specialty drug prices based on the Wholesale Acquisition Cost (WAC) shall be paid at one hundred one percent (101%) of WAC.
- (2) Non-specialty drug prices based on WAC shall be paid at one hundred two and seven-tenths percent (102.7%) of WAC.
- ~~(2)~~(3) Prices based on the State Medicaid Average Costs (SMAC) shall be paid at one hundred fifty percent (150%) of SMAC.
- ~~(3)~~(4) The rate for dispensing brand drugs is ~~reduced by one dollar (\$1.00)~~, two dollars (\$2.00).
- (5) The rates for dispensing generic drugs are as follows, based on the percentages of generic drugs dispensed by the pharmacy in the previous quarter:

<u>Percentage Tier</u>	<u>Rate</u>
<u>Greater than or equal to 80%</u>	<u>\$7.75</u>
<u>Greater than or equal to 75% and less than 80%</u>	<u>5.50</u>
<u>Greater than or equal to 70% and less than 75%</u>	<u>2.00</u>
<u>Less than 70%</u>	<u>1.00"</u>

SECTION 4.14.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12H.2(c) of that act reads as rewritten:

"SECTION 12H.2.(c) The Department of Health and Human Services shall take any and all action necessary to amend the Medicaid State Plan, Attachment 4.19-B, Section 5, Page 2,

which pertains to supplemental payments that increase reimbursement to the average commercial rate for certain eligible medical professional providers, in order to limit the definition of eligible medical professional providers to only ~~physicians employed by the East Carolina University School of Medicine or the University of North Carolina at Chapel Hill School of Medicine as academic faculty. The supplemental payments shall be made only for services provided at these schools of medicine.~~ eligible medical professional providers who were receiving such supplemental payments as of May 22, 2013."

SECTION 4.16. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12F.7 of that act is amended by adding a new subsection to read:

"**SECTION 12F.7.(c)** Notwithstanding any provision of this act, the total amount of funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for alcohol and drug abuse treatment centers is reduced by twelve percent (12%). The Department is not required to achieve this reduction by reducing the budget for each of the three existing alcohol and drug abuse treatment centers by twelve percent (12%) as long as the Department implements the reduction in a manner that (i) reduces the per bed cost variability across the three centers and (ii) does not result in the closure of any of the three centers."

SECTION 4.17. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 12H.13(a) of that act reads as rewritten:

"**SECTION 12H.13.(a)** Except as otherwise ~~specifically~~ provided in this ~~act, act or another~~ act passed during the 2013 Regular Session, the ~~allowable~~ authorized State plan services, co-pays, reimbursement rates, and fees shall remain the same as those ~~effective~~ authorized as of June 30, 2013. Except as otherwise provided in this act and to the extent allowable under federal law, the adjustments made in this section apply to both the Medicaid Program and the NC Health Choice program."

SECTION 4.18.(a) If House Bill 834, 2013 Regular Session, becomes law, G.S. 90-413.3A, as enacted by Section 14.1 of that act, reads as rewritten:

"§ 90-413.3A. Required participation in NC HIE for some providers.

(a) The General Assembly makes the following findings:

- (1) That controlling escalating health care costs of the Medicaid program is of significant importance to the State, its taxpayers, and its Medicaid recipients.
- (2) That the State needs timely access to claims and clinical information in order to assess performance, pinpoint medical expense trends, identify beneficiary health risks, and evaluate how the State is spending Medicaid dollars.
- (3) That making this clinical information available through the North Carolina Health Information Exchange will improve care coordination within and across health systems, increase care quality, enable more effective population health management, reduce duplication of medical services, augment syndromic surveillance, allow more accurate measurement of care services and outcomes, increase strategic knowledge about the health of the population, and facilitate health cost-containment.

(b) ~~Notwithstanding any other provision of law, based upon the findings set forth in subsection (a) of this section, any~~ Any hospital, as defined in G.S. 131E-76(c), that has an electronic health record system shall connect to the NC HIE and submit individual patient demographic and clinical data on services paid for with Medicaid ~~funds, funds, based upon the findings set forth in subsection (a) of this section and notwithstanding the voluntary nature of the NC HIE under G.S. 90-413.2. The NC HIE shall give the Department of Health and Human Services real-time access to data and information contained in the NC HIE.~~

SECTION 4.18.(b) If House Bill 834, 2013 Regular Session, becomes law, then Section 14.2 of that act reads as rewritten:

"**SECTION 14.2.** ~~This Part becomes effective January 1, 2014. G.S. 90-413.3A, as enacted by Section 4.18(a) of this act, becomes effective upon satisfaction of both of the following conditions precedent:~~

- (1) The Department of Health and Human Services and the NC HIE shall execute an agreement regarding the utilization and sharing of data and information contained in the HIE Network, which shall be in a manner that

complies with the Health Information Portability and Accountability Act of 1996, P.L. 104-191, as amended (HIPAA), the rules adopted under HIPAA, and any other applicable federal laws.

- (2) The Department of Health and Human Services and the NC HIE shall jointly submit a report to the Joint Legislative Oversight Committees on Information Technology and Health and Human Services on the agreement described in subdivision (1) of this subsection."

PART V. NATURAL AND ECONOMIC RESOURCES

SECTION 5.1. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.14(f) of that act reads as rewritten:

"SECTION 15.14.(f) By September 1, 2013, and September 1, 2014, ~~the Division of Community Assistance, Department of Commerce,~~ the Department of Commerce shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project."

SECTION 5.2. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 14.1(f) of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142 and Section 15.15 of Senate Bill 402, 2013 Regular Session of the General Assembly, reads as rewritten:

"SECTION 14.1.(f) By September 1, 2013, ~~the Division of Community Assistance, Department of Commerce,~~ the Department of Commerce shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project."

SECTION 5.3. If Senate Bill 402, 2013 Regular Session, becomes law, then that act is amended by adding a new section to read:

"CDBG FUNDS FOR INFRASTRUCTURE CATEGORY TRANSFERRED FROM DEPARTMENT OF COMMERCE TO DENR

"SECTION 15.15A. The federal block grant funds allocated to the infrastructure category in Section 15.14(a) and Section 14.1(a) of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142 and Section 15.15(a) of this act, shall be transferred from the Department of Commerce to the Department of Environment and Natural Resources. The Division of Water Infrastructure within the Department of Environment and Natural Resources shall be responsible for administering the program whereby local government units are awarded funds by the State Water Infrastructure Authority created in Section 14.21(b) of this act for infrastructure projects from community development block grant funds. For purposes of this section, the term "infrastructure" shall have the same meaning as in Section 15.14(g) and Section 14.1(g) of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142 and Section 15.15(a) of this act."

SECTION 5.5. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.5 of that act is repealed.

SECTION 5.7.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.28(a) of that act reads as rewritten:

"SECTION 15.28.(a) ~~Articles 2–G.S. 158-8.1 through 158-8.8, G.S. 158-12.1, and Article 4 of Chapter 158 of the General Statutes are repealed.~~"

SECTION 5.7.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.28(d) and Section 15.28(e) are repealed.

SECTION 5.8. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 113-44.15(b) reads as rewritten:

"(b) Use. – Funds in the Trust Fund are annually appropriated to the North Carolina Parks and Recreation Authority and, unless otherwise specified by the General Assembly or the terms or conditions of a gift or grant, shall be allocated and used as follows:

- (1) Sixty-five percent (65%) for the State Parks System for capital projects, repairs and renovations of park facilities, and land acquisition, ~~and to retire debt incurred for these purposes under Article 9 of Chapter 142 of the General Statutes.~~ acquisition.
- (2) Thirty percent (30%) to provide matching funds to local governmental units or public authorities as defined in G.S. 159-7 on a dollar-for-dollar basis for local park and recreation purposes. The appraised value of land that is donated to a local government unit or public authority may be applied to the matching requirement of this subdivision. These funds shall be allocated by the North Carolina Parks and Recreation Authority based on criteria patterned after the Open Project Selection Process established for the Land and Water Conservation Fund administered by the National Park Service of the United States Department of the Interior.
- (3) Five percent (5%) for the Coastal and Estuarine Water Beach Access Program."

SECTION 5.9.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.10A(c) of that act reads as rewritten:

~~"SECTION 15.10A.(c) This section becomes effective upon the modification of the Consent Decree–The Attorney General shall take all necessary actions to implement the provisions of this section, including notifying the court in the action entitled State of North Carolina v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County, North Carolina. Carolina, and the administrators of the State Specific Account established under the Master Settlement Agreement of the intent of the The Attorney General shall file a motion in the cause of State of North Carolina v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County, North Carolina, seeking a modification of the Consent Decree to permit the General Assembly to direct one or more of the Governor's appointments to the board of directors of the Golden LEAF Foundation, a nonprofit corporation created pursuant to subparagraph VI.A.1 of the Consent Decree and the Final Judgment entered in the action of 98 CVS 14377 on December 21, 1998."~~

SECTION 5.9.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.10A of that act is amended by adding a new subsection to read:

"SECTION 15.10A.(d) This section becomes effective upon the Attorney General taking all necessary actions to implement the provisions of this section as provided in subsection (c) of this section."

SECTION 5.10. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.12 of that act reads as rewritten:

"SECTION 15.12. The Department of Commerce, Labor and Economic Analysis Division (LEAD), shall develop a standardized performance metric to evaluate whether a ~~nonprofit~~ economic development nonprofits allocated State funds by the Department in the 2013-2015 biennium ~~has have~~ achieved ~~its their~~ own goals or performance standards. The metric shall include standards for determining whether jobs were actually created, grants were awarded ~~or~~

loans were made. The information obtained as a result of the metric shall be used by the General Assembly in determining whether to fund the economic development nonprofits in future fiscal years. In order to be eligible to receive State funds, each economic development nonprofit surveyed shall provide to LEAD any information requested to help develop the metric provided for in this section."

SECTION 5.12. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 159G-70(b), as enacted by Section 14.21(b) of that act, reads as rewritten:

"(b) Membership. – The Authority consists of nine members as follows:

- (1) The Director of the Division of Water Infrastructure of the Department or the Director's designee who is familiar with the water infrastructure financing, regulatory, and technical assistance programs of the Department.
- (2) The Secretary of Commerce or the Secretary's designee who is familiar with the State programs that fund water or other infrastructure improvements for the purpose of promoting economic development.
- (3) The Director of the Local Government Commission or the Director's designee who is familiar with the functions of the Commission.
- (4) One member who is a professional engineer in the private sector and is familiar with the development of infrastructure necessary for wastewater systems, to be appointed by the Governor to a term that expires on July 1 of even-numbered years.
- (5) One member who is knowledgeable about, and has experience related to, direct federal funding programs for wastewater and public water systems, to be appointed by the Governor to a term that expires on July 1 of odd-numbered years.
- (6) One member who is ~~a representative of~~ acknowledgeable about, and has experience related to, urban local government wastewater system-systems or public water system-systems, to be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate to a term that expires on July 1 of even-numbered years.
- (7) One member who is ~~a representative of~~ acknowledgeable about, and has experience related to, rural local government wastewater system-systems or public water system-systems, to be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate to a term that expires on July 1 of odd-numbered years.
- (8) One member who either (i) is a county commissioner of a rural county or (ii) resides in a rural county and is knowledgeable about, and has experience related to, public health services, to be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives to a term that expires on July 1 of even-numbered years.
- (9) One member who is familiar with wastewater, drinking water, and stormwater issues and related State funding sources, to be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives to a term that expires on July 1 of odd-numbered years.

...."

SECTION 5.13.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 143B-472.127(a), as enacted by Section 15.10 of that act, reads as rewritten:

"(a) The Rural Economic Development Division shall be responsible for administering the program whereby economic development grants or loans are awarded by the Rural Infrastructure Authority as provided in G.S. 143B-472.128 to local government ~~units-units~~. The Rural Infrastructure Authority shall, in awarding economic development grants or loans under the provisions of this subsection, give priority to local government units of the counties that have one of the 80 highest rankings under G.S. 143B-437.08 after the adjustment of that section. The funds available for grants or loans under this program may be used as follows:

...."

SECTION 5.13.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 143B-472.128(j)(2), as enacted by Section 15.10 of that act, reads as rewritten:

- "(2) To award grants or loans as provided in G.S. 143B-472.127. In awarding grants or loans under G.S. 143B-472.127(a), priority shall be given to local government units of the counties that have one of the 80 highest rankings under G.S. 143B-437.08 after the adjustment of that section."

SECTION 5.14. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 14.21(m) of that act reads as rewritten:

"SECTION 14.21.(m) Of the funds appropriated to the Department of Environment and Natural Resources in this act, at least three million ~~two~~five hundred thousand dollars (\$3,500,000) for the 2013-2014 fiscal year and at least five million dollars (\$5,000,000) for the 2014-2015 fiscal year shall be used for grants to local government units for public water system-related projects and wastewater-related projects. The State Water Infrastructure Authority established by G.S. 159G-70, as enacted by subsection (b) of this section, shall determine the distribution of funds between public water system-related projects and wastewater-related projects, depending upon the number of applications for grants received and the priorities established by the State Water Infrastructure Authority. Grants awarded to local government units for public water system-related projects shall be credited to the Drinking Water Reserve established in G.S. 159G-22 to be used for grants to local government units in accordance with the provisions of Chapter 159G of the General Statutes, as amended by this section. Grants awarded to local government units for wastewater-related projects shall be credited to the Wastewater Reserve established in G.S. 159G-22 to be used for grants to local government units in accordance with the provisions of Chapter 159G of the General Statutes, as amended by this section. Funds allocated by this subsection are limited to projects in development tier one or two areas, as defined by G.S. 143B-437.08. The State Water Infrastructure Authority shall report no later than May 1, 2014, to the Environmental Review Commission, the Senate Appropriations Committee on Natural and Economic Resources, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, and the Fiscal Research Division on the distribution of grant funds awarded under Chapter 159G of the General Statutes, as amended by the section, and whether changes are needed to the existing grant program under Chapter 159G of the General Statutes or other available grant programs to better facilitate the dissemination of funds and meet the project needs of rural, economically distressed local governments."

SECTION 5.15.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.3 of that act reads as rewritten:

"UNEMPLOYMENT INSURANCE RESERVE FUND

"SECTION 15.3.(a) The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer ~~and allocate to~~ the Unemployment Insurance Reserve ~~within the Office of State Budget and Management Fund~~ any unencumbered cash balance as of June 30, 2013, of each of the following special funds within the Department of Commerce and then close each of these special funds:

- (1) Worker Training Trust Fund (Special Fund Code 64654-6400).
- (2) Training and Employment Account (Special Fund Code ~~64655-6601~~ 64655-6601 and 64655-6602).

"SECTION 15.3.(b) ~~The Office of State Budget and Management, in conjunction with the Office of the State Controller and the Department of Commerce, shall transfer the sum of ten million dollars (\$10,000,000) for the 2013-2014 fiscal year from the Special Employment Security Administration Fund (Fund Code 64650-6100) to the Unemployment Insurance Reserve within the Office of State Budget and Management.~~ There is appropriated from the Special Employment Security Administration Fund to the Unemployment Insurance Fund the sum of ten million dollars (\$10,000,000) for the 2013-2014 fiscal year to be used to make principal payments on advances made by the federal government under Title XII of the Social Security Act to the Unemployment Insurance Fund to pay unemployment compensation benefits."

SECTION 5.15.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then that act is amended by adding a new section to read as follows:

"UNEMPLOYMENT INSURANCE RESERVE

"SECTION 24.2.(a) Funds appropriated to the Unemployment Insurance Reserve within the Office of State Budget and Management shall be used to fund the Unemployment Insurance

Reserve for employees of all State agencies, departments, and institutions, The University of North Carolina, as well as State-funded local public school and community college employees. The Office of State Budget and Management shall manage the Unemployment Insurance Reserve to ensure that adequate funds are available to comply with the provisions of S.L. 2013-2.

"SECTION 24.2.(b) Notwithstanding any other provision of law, the Director of the Budget shall use funds appropriated for the 2013-2014 fiscal year to ensure that all State agencies comply with the provisions of S.L. 2013-2."

SECTION 5.16.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.14(a) of that act reads as rewritten:

"SECTION 15.14.(a) Appropriations from federal block grant funds are made for the fiscal years ending June 30, 2014, and June 30, 2015, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$ 1,375,000
02. Economic Development	10,737,500 15,737,500
03. Infrastructure	30,837,500 25,837,500

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2014 Program Year

\$ 42,950,000

2015 Program Year

\$ 42,950,000"

SECTION 5.16.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.14(d) of that act reads as rewritten:

"SECTION 15.14.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million three hundred seventy-five thousand dollars (\$1,375,000) may be used for State Administration; up to ~~ten million seven hundred thirty-seven thousand five hundred dollars (\$10,737,500)~~fifteen million seven hundred thirty-seven thousand five hundred dollars (\$15,737,500) may be used for Economic Development; and up to ~~thirty million eight hundred thirty-seven thousand five hundred dollars (\$30,837,500)~~twenty-five million eight hundred thirty-seven thousand five hundred dollars (\$25,837,500) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable."

SECTION 5.16.(c) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 15.14(g) of that act reads as rewritten:

"SECTION 15.14.(g) For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section ~~shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure."~~are limited to critical public water and wastewater projects. Notwithstanding any State law or rule, eligible activities as defined in this subsection are limited only by applicable HUD regulations and federal law. Notwithstanding the provisions of subsection (e) of this section, funds allocated to the Infrastructure category in subsection (a) of this section shall not be reallocated to any other category."

SECTION 5.16.(d) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 14.1(a) of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142 and Section 15.15(a) of Senate Bill 402, 2013 Regular Session, reads as rewritten:

"SECTION 14.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2013, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$1,375,000
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04. Economic Development

~~10,625,000~~15,625,000

07. Infrastructure

~~30,500,000~~25,500,000

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2013 Program Year

\$42,500,000"

SECTION 5.16.(e) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 14.1(d) of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142 and Section 15.15(a) of Senate Bill 402, 2013 Regular Session, reads as rewritten:

"SECTION 14.1.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million three hundred seventy-five thousand dollars (\$1,375,000) may be used for State Administration; up to ~~ten million six hundred twenty-five thousand dollars (\$10,625,000)~~fifteen million six hundred twenty-five thousand dollars (\$15,625,000) may be used for Economic Development; and up to ~~thirty million five hundred thousand dollars (\$30,500,000)~~twenty-five million five hundred thousand dollars (\$25,500,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable."

SECTION 5.16.(f) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 14.1(g) of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142 and Section 15.15(a) of Senate Bill 402, 2013 Regular Session, reads as rewritten:

"SECTION 14.1.(g) For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section ~~shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure."~~are limited to critical public water and wastewater projects. Notwithstanding any State law or rule, eligible activities as defined in this subsection are limited only by applicable HUD regulations and federal law. Notwithstanding the provisions of subsection (e) of this section, funds allocated to the Infrastructure category in subsection (a) of this section shall not be reallocated to any other category."

SECTION 5.17. The Department of Agriculture and Consumer Services shall take all necessary actions to make the Southeastern Agriculture Center fully receipt-supported.

PART VI. JUSTICE AND PUBLIC SAFETY

SECTION 6.1. If Senate Bill 402, 2013 Regular Session, becomes law, then the title of Section 18B.22 of that act reads as rewritten:

"CONSOLIDATE DISTRICT COURT AND PROSECUTORIAL DISTRICTS 6A AND 6B/RESTRUCTURE SEVERAL SUPERIOR COURT, DISTRICT COURT, AND PROSECUTORIAL DISTRICTS 16A, 19B, AND 20A/DISTRICTS/AUTHORIZE ADDITIONAL DISTRICT COURT JUDGE FOR DISTRICT COURT DISTRICT 21"

SECTION 6.2. If Senate Bill 402, 2013 Regular Session, becomes law, then the title of Section 17.8 of that act and Section 17.8 of that act are rewritten to read:

"TRANSFER OF CERTAIN DEPARTMENT OF JUSTICE POSITIONS TO THE DEPARTMENTS THEY SERVE

"SECTION 17.8.(a) The following positions are transferred from the Department of Justice to the agencies set forth below:

Position

Number:

Recipient Agency:

60010433	North Carolina Banking Commission
60010434	North Carolina Banking Commission
60093538	North Carolina Banking Commission
65005760	North Carolina Banking Commission
60010379	Department of State Treasurer
60010178	Department of Environment and Natural Resources (DENR)

60010436	DENR
60010282	DENR
60010363	DENR
60010378	DENR
60010482	Office of State Personnel (OSP)
65004804	Department of Health and Human Services (DHHS)
60010352	DHHS
60010346	DHHS
60010471	DHHS
60015008	Department of Transportation (DOT)
60015002	DOT
60010483	DOT
60010317	DOT

"SECTION 17.8.(b) Any person employed in a position transferred pursuant to the authority of this section shall report to the appropriate head of the State agency to which the position is transferred and shall perform such legal duties and other duties as may be assigned by the appropriate head of the State agency.

"SECTION 17.8.(c) The Office of State Personnel may reclassify the positions transferred by this section into a comparable salary classification.

"SECTION 17.8.(d) Prior to October 1, 2013, no vacant position set forth in subsection (a) of this section may be filled, and no person may be transferred into any position set forth in subsection (a) of this section.

"SECTION 17.8.(e) Subsection (d) of this act is effective when it becomes law. The remainder of this section becomes effective October 1, 2013."

SECTION 6.3. If Senate Bill 402, 2013 Regular Session becomes law, then Section 18B.21A of that act reads as rewritten:

"SECTION 18B.21A.(a) The Administrative Office of the Courts shall set the limits on compensation and allowances of court reporters provided for in G.S. 7A-95(e) and G.S. 7A-198(f) during the 2013-2015 fiscal biennium so that (i) the Administrative Office of the Courts pays no more than fifty percent (50%) of the per-transcript-page rate paid by the Administrative Office of the Courts during the 2011-2013 fiscal biennium and (ii) the Office of Indigent Defense Services pays no more than fifty percent (50%) of the per-transcript-page rate paid by the Office of Indigent Defense Services during the 2011-2013 fiscal biennium.

"SECTION 18B.21A.(b) This section becomes effective September 1, 2013, and applies to payments for transcripts that are requested on or after that date."

SECTION 6.5. If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 143B-707.2(b), as enacted by Section 16C.11(d) of that act, reads as rewritten:

"(b) The Department of Public Safety and the Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the House of Representatives Appropriations Subcommittee on Justice and Public Safety, to the Chairs of the Senate Appropriations Committee on Justice and Public Safety, and to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the number of inmates proposed for release, considered for release, and granted release under ~~Chapter 84B~~ Article 84B of Chapter 15A of the General Statutes, providing for the medical release of inmates who are either permanently and totally disabled, terminally ill, or geriatric."

SECTION 6.6. If Senate Bill 402, 2013 Regular Session, becomes law, then notwithstanding any other provision of that act, the conversion of Johnston Correctional Institution from a medium custody prison to a minimum custody prison results in a net savings of 62 positions.

SECTION 6.7.(a) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 15A-1343(c2), as amended by Section 16C.16 of that act, reads as rewritten:

"(c2) Electronic Monitoring Device Fees. – Any person placed on house arrest with electronic monitoring under ~~subsection~~ subsection (a1) or (b1) of this section shall pay a fee of ninety dollars (\$90.00) for the electronic monitoring device and a daily fee in an amount that reflects the actual cost of providing the electronic monitoring. The court may exempt a person

from paying the fees only for good cause and upon motion of the person placed on house arrest with electronic monitoring. The court may require that the fees be paid in advance or in a lump sum or sums, and a probation officer may require payment by those methods if the officer is authorized by subsection (g) of this section to determine the payment schedule. The fees must be paid to the clerk of court for the county in which the judgment was entered or the deferred prosecution agreement was filed. Fees collected under this subsection for the electronic monitoring device shall be transmitted to the State for deposit into the State's General Fund. The daily fees collected under this subsection shall be remitted to the Department of Public Safety to cover the costs of providing the electronic monitoring."

SECTION 6.7.(b) If Senate Bill 402, 2013 Regular Session, becomes law, then G.S. 15A-1368.4(e)(13) reads as rewritten:

"(13) Remain in one or more specified places for a specified period or periods each day, and wear a device that permits the defendant's compliance with the condition to be monitored ~~electronically~~ and pay a fee of ninety dollars (\$90.00) for the electronic monitoring device and a daily fee in an amount that reflects the actual cost of providing the electronic monitoring. The Commission may exempt a person from paying the fees only for a good cause. Fees collected under this subsection for the electronic monitoring device shall be transmitted to the State for deposit in the State's General Fund. The daily fees collected under this subsection shall be remitted to the Department of Public Safety to cover the costs of providing the electronic monitoring."

SECTION 6.7.(c) If Senate Bill 402, 2013 Regular Session, becomes law, then Section 16C.16(c) of that act reads as rewritten:

"**SECTION 16C.16.(b)** This section becomes effective ~~August 1, 2013~~, September 1, 2013, and applies to persons placed on house arrest with electronic monitoring on or after that date."

PART VII. GENERAL GOVERNMENT

SECTION 7.1. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 30.2(e) of that act reads as rewritten:

"**SECTION 30.2.(e)** Subsection (a) of this section becomes effective 30 days after this act becomes law and ~~Subsection-subsection (a1)~~ of this section becomes effective July 1, 2014."

PART VIII. TRANSPORTATION

SECTION 8.1. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 34.29(b) of that act reads as rewritten:

"**SECTION 34.29.(b)** This section becomes effective ~~January 1, 2014~~, July 1, 2014."

PART IX. CAPITAL APPROPRIATIONS

SECTION 9.1. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 36.3(b) of that act reads as rewritten:

"**SECTION 36.3.(b)** It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the ~~thirteen million five hundred twenty-two thousand~~ eleven million five hundred twenty-two thousand dollars (\$11,522,000) appropriated for water resources development projects in Section 36.2(a) of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

Name of Project	Amount Carried Forward
(1) Wilmington Harbor Maintenance (Disposal Areas 8 & 10)	\$ 1,200,000
(2) Wilmington Harbor Improvements Feasibility (50/50)	57,000
(3) Manteo Old House Channel Cap Sec. 204 (65/35)	1,250,000
(4) Surf City/NTB Coastal Storm Damage Reduction Study-PED (75/25)	37,000

TOTALS **\$ 2,544,000"**

SECTION 9.2. If Senate Bill 402, 2013 Regular Session, becomes law, then Section 36.4(a) of that act reads as rewritten:

"SECTION 36.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

Name of Project

**Amount of Non-General Fund
Funding Authorized for FY 2013-2014**

Department of Agriculture and Consumer Services

Western North Carolina Agricultural Center – Midway Pavilion	\$ 125,000
Western North Carolina Agricultural Center – Fill Retention Ponds	250,000
Piedmont Research Station – Calf Barn Construction	150,000
Research Stations – Forest Road Construction	150,000
Raleigh Farmers Market – Parking Improvement/Expansion	200,000
<u>Southeastern North Carolina Agricultural Center – Horse Stall Barn</u>	<u>700,000</u>

...."

PART XI. FINANCE

SECTION 11.1. Effective when this act becomes law, G.S. 62-140(a) reads as rewritten:

"(a) No public utility shall, as to rates or services, make or grant any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates or services either as between localities or as between classes of service. The Commission may determine any questions of fact arising under this section; provided that it shall not be an unreasonable preference or advantage or constitute discrimination against any person, firm or corporation or general rate payer for telephone utilities to contract with motels, hotels and hospitals to pay reasonable commissions in connection with the handling of intrastate toll calls charged to a guest or patient and collected by the motel, hotel or hospital; provided further, that payment of such commissions shall be in accordance with uniform tariffs which shall be subject to the approval of the Commission. Provided further, that it shall not be considered an unreasonable preference or advantage for the Commission to order, if it finds the public interest so requires, a reduction in local telephone rates for low-income residential consumers meeting a means test established by the Commission in order to match any reduction in the interstate subscriber line charge authorized by the Federal Communications Commission. If the State repeals any State funding mechanism for a reduction in the local telephone rates for low-income residential consumers, the Commission shall take appropriate action to eliminate any requirement for the reduced rate funded by the repealed State funding mechanism. For the purposes of this section, a State funding mechanism for a reduction in the local telephone rates includes a tax credit allowed for the public utility to recover the reduction in rates.

Nothing in this section prohibits the Commission from establishing different rates for natural gas service to counties that are substantially unserved, to the extent that those rates reflect the cost of providing service to the unserved counties and upon a finding by the Commission that natural gas service would not otherwise become available to the counties."

SECTION 11.2. Effective July 1, 2014, G.S. 105-164.44K(b), as enacted by Section 4.3(a) of S.L. 2013-316, reads as rewritten:

"(b) Franchise Tax Share. – The quarterly franchise tax share of a city is the total amount of electricity gross receipts franchise tax distributed to the city under repealed G.S. 105-116.1 or repealed provisions of G.S. 159B-27 for the same related quarter that was the last quarter in which taxes were imposed on electric power companies under repealed ~~G.S. 105-116~~.G.S. 105-116 or repealed provisions of G.S. 159B-27. The quarterly franchise tax share of a city includes adjustments made for the hold-harmless amounts under repealed G.S. 105-116. If the franchise tax share of a city, including the hold-harmless adjustments, is less than zero, then the amount is zero. The determination made by the Department with respect to a city's franchise tax share is final and is not subject to administrative or judicial review.

The franchise tax share of a city that has dissolved, merged with another city, or divided into two or more cities since it received a distribution under repealed G.S. 105-116.1 or repealed provisions of G.S. 159B-27 is adjusted as follows:

- (1) If a city dissolves and is no longer incorporated, the franchise tax share of the city is added to the amount distributed under subsection (c) of this section.
- (2) If two or more cities merge or otherwise consolidate, their franchise tax shares are combined.
- (3) If a city divides into two or more cities, the franchise tax share of the city that divides is allocated among the new cities in proportion to the total amount of ad valorem taxes levied by each on property having a tax situs in the city."

SECTION 11.3.(a) G.S. 105-129.16D(b) reads as rewritten:

"§ 105-129.16D. Credit for constructing renewable fuel facilities.

(b) Production Credit. – A taxpayer that constructs and places in service in this State a commercial facility for processing renewable fuel is allowed a credit equal to twenty-five percent (25%) of the cost to the taxpayer of constructing and equipping the facility. The entire credit may not be taken for the taxable year in which the facility is placed in service but must be taken in seven equal annual installments beginning with the taxable year in which the facility is placed in service. If, in one of the years in which the installment of a credit accrues, the facility with respect to which the credit was claimed is disposed of or taken out of service, the credit expires and the taxpayer may not take any remaining installment of the credit. The taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.17.

Notwithstanding subsection (d) of this section, this section is repealed effective for facilities placed in service on or after January 1, 2017, in the case of a taxpayer that meets both of the following conditions:

- (1) Signs a letter of commitment with the Department of Commerce on or before September 1, 2013, stating the taxpayer's intent to construct and place into service in this State a commercial facility for processing renewable fuel.
- (2) Begins construction of the facility on or before December 31, 2013."

SECTION 11.3.(b) This section is effective when it becomes law.

SECTION 11.4. G.S. 105-164.13E(8)b., as enacted by S.L. 2013-316, reads as rewritten:

"§ 105-164.13E. Exemption for farmers.

The following tangible personal property, digital property, and services are exempt from sales and use tax if purchased by a qualifying farmer and for use by the farmer in the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals. A qualifying farmer is a farmer who has an annual gross income of ten thousand dollars (\$10,000) or more from farming operations for the preceding calendar year and includes a dairy operator, a poultry farmer, an egg producer, a livestock farmer, a farmer of crops, and a farmer of an aquatic species, as defined in G.S. 106-758.

- ...
 - (8) Any of the following items concerning the housing, raising, or feeding of animals:

- ...
 - ...
 - b. Building materials, supplies, fixtures, and equipment that become a part of and are used in the construction, repair, or improvement of an enclosure or a structure specifically designed, constructed, and used for housing, raising, or feeding animals or for housing equipment necessary for one of these commercial activities. The ~~refund~~ exemption also applies to commercially manufactured equipment, and parts and accessories for the equipment, used in the enclosure or a structure.

...."

PART XII. EFFECTIVE DATE

2013. **SECTION 12.** Except as otherwise provided, this act becomes effective July 1,
In the General Assembly read three times and ratified this the 26th day of July, 2013.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:24 p.m. this 29th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-96
HOUSE BILL 125**

AN ACT TO CLARIFY THAT CERTAIN TYPES OF PROPRIETARY COMPUTER CODE
ARE NOT A PUBLIC RECORD.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 132-1.1 is amended by adding a new subsection to read:

"(g) Public Agency Proprietary Computer Code. – Proprietary computer code written by and for use by an agency of North Carolina government or its subdivisions is not a public record as defined in G.S. 132-1."

SECTION 2. This act is effective when it becomes law and applies to public records existing before, on, or after that date.

In the General Assembly read three times and ratified this the 6th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:29 p.m. this 12th day of June, 2013



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-71
HOUSE BILL 146**

AN ACT TO REQUIRE THE STATE BOARD OF EDUCATION TO ENSURE
INSTRUCTION IN CURSIVE WRITING AND MEMORIZATION OF
MULTIPLICATION TABLES AS A PART OF THE BASIC EDUCATION PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-81 is amended by adding new subsections to read:

"(k) Cursive Writing. – The standard course of study shall include the requirement that the public schools provide instruction in cursive writing so that students create readable documents through legible cursive handwriting by the end of fifth grade.

(l) Multiplication Tables. – The standard course of study shall include the requirement that students enrolled in public schools memorize multiplication tables to demonstrate competency in efficiently multiplying numbers."

SECTION 2. This act is effective when it becomes law and applies beginning with the 2013-2014 school year.

In the General Assembly read three times and ratified this the 3rd day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:08 p.m. this 12th day of June, 2013



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-52
HOUSE BILL 149

AN ACT TO MAKE IT A CRIMINAL OFFENSE TO FAIL TO REPORT THE DISAPPEARANCE OF A CHILD TO LAW ENFORCEMENT, TO INCREASE THE CRIMINAL PENALTY FOR CONCEALING THE DEATH OF A CHILD, TO INCREASE THE CRIMINAL PENALTY FOR MAKING A FALSE, MISLEADING, OR UNFOUNDED REPORT TO A LAW ENFORCEMENT AGENCY OR OFFICER FOR THE PURPOSE OF INTERFERING OR OBSTRUCTING AN INVESTIGATION INVOLVING A MISSING CHILD OR CHILD VICTIM OF A CLASS A, B1, B2, OR C FELONY, AND TO MAKE IT A CLASS 1 MISDEMEANOR FOR A PERSON TO FAIL TO REPORT THE ABUSE, NEGLECT, DEPENDENCY, OR DEATH DUE TO MALTREATMENT OF A JUVENILE OR TO PREVENT ANOTHER PERSON FROM MAKING SUCH REPORT.

The General Assembly of North Carolina enacts:

SECTION 1. This act may be cited as "Caylee's Law."

SECTION 2. Article 39 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-318.5. Failure to report the disappearance of a child to law enforcement; immunity of person reporting in good faith.

(a) The following definitions apply in this section:

(1) Child. – Any person who is less than 16 years of age.

(2) Disappearance of a child. – When the parent or other person providing supervision of a child does not know the location of the child and has not had contact with the child for a 24-hour period.

(b) A parent or any other person providing care to or supervision of a child who knowingly or wantonly fails to report the disappearance of a child to law enforcement is in violation of this subsection. Unless the conduct is covered under some other provision of law providing greater punishment, a violation of this subsection is punishable as a Class I felony.

(c) Any person who reasonably suspects the disappearance of a child and who reasonably suspects that the child may be in danger shall report those suspicions to law enforcement within a reasonable time. Unless the conduct is covered under some other provision of law providing greater punishment, a violation of this subsection is punishable as a Class 1 misdemeanor.

(d) This section does not apply if G.S. 110-102.1 is applicable.

(e) Notwithstanding subsection (b) or (c) of this section, if a child is absent from school, a teacher is not required to report the child's absence to law enforcement officers under this section, provided the teacher reports the child's absence from school pursuant to Article 26 of Chapter 115C of the General Statutes.

(f) The felony of failure to report the disappearance of a child as required by subsection (b) of this section is an offense additional to other civil and criminal provisions and is not intended to repeal or preclude any other sanctions or remedies.

(g) Any person who reports the disappearance of a child as required by this section is immune from any civil or criminal liability that might otherwise be incurred or imposed for that action, provided that the person was acting in good faith. In any proceeding involving liability, good faith is presumed."

SECTION 3. G.S. 14-318.4 reads as rewritten:

"§ 14-318.4. Child abuse a felony.



(a) A parent or any other person providing care to or supervision of a child less than 16 years of age who intentionally inflicts any serious physical injury upon or to the child or who intentionally commits an assault upon the child which results in any serious physical injury to the child is guilty of a Class E felony, except as otherwise provided in subsection (a3) of this section.

(a1) Any parent of a child less than 16 years of age, or any other person providing care to or supervision of the child, who commits, permits, or encourages any act of prostitution with or by the child is guilty of child abuse and shall be punished as a Class E felon.

(a2) Any parent or legal guardian of a child less than 16 years of age who commits or allows the commission of any sexual act upon the child is guilty of a Class E felony.

(a3) A parent or any other person providing care to or supervision of a child less than 16 years of age who intentionally inflicts any serious bodily injury to the child or who intentionally commits an assault upon the child which results in any serious bodily injury to the child, or which results in permanent or protracted loss or impairment of any mental or emotional function of the child, is guilty of a Class C felony.

(a4) A parent or any other person providing care to or supervision of a child less than 16 years of age whose willful act or grossly negligent omission in the care of the child shows a reckless disregard for human life is guilty of a Class E felony if the act or omission results in serious bodily injury to the child.

(a5) A parent or any other person providing care to or supervision of a child less than 16 years of age whose willful act or grossly negligent omission in the care of the child shows a reckless disregard for human life is guilty of a Class H felony if the act or omission results in serious physical injury to the child.

(a6) For purposes of this section, a "grossly negligent omission" in providing care to or supervision of a child includes the failure to report a child as missing to law enforcement as provided in G.S. 14-318.5(b).

(b) The felony of child abuse is an offense additional to other civil and criminal provisions and is not intended to repeal or preclude any other sanctions or remedies.

(c) Abandonment of an infant less than seven days of age pursuant to G.S. 14-322.3 may be treated as a mitigating factor in sentencing for a conviction under this section involving that infant.

(d) The following definitions apply in this section:

(1) Serious bodily injury. – Bodily injury that creates a substantial risk of death or that causes serious permanent disfigurement, coma, a permanent or protracted condition that causes extreme pain, or permanent or protracted loss or impairment of the function of any bodily member or organ, or that results in prolonged hospitalization.

(2) Serious physical injury. – Physical injury that causes great pain and suffering. The term includes serious mental injury."

SECTION 4. G.S. 110-102.1(a) reads as rewritten:

"(a) ~~Operators~~ Notwithstanding G.S. 14-318.5, operators and staff, as defined in G.S. 110-86(7), and G.S. 110-91(8), or any adult present with the approval of the care provider in a child care facility as defined in G.S. 110-86(3) and G.S. 110-106, upon learning that a child which has been placed in their care or presence is missing, shall immediately report the missing child to law enforcement. For purposes of this Article, a child is anyone under the age of 18-16."

SECTION 5. G.S. 14-401.22 reads as rewritten:

"§ 14-401.22. Concealment of death; disturbing human remains; dismembering human remains.

(a) ~~Any~~ Except as provided in subsection (a1) of this section, any person who, with the intent to conceal the death of a person, fails to notify a law enforcement authority of the death or secretly buries or otherwise secretly disposes of a dead human body is guilty of a Class I felony.

(a1) Any person who, with the intent to conceal the death of a child, fails to notify a law enforcement authority of the death or secretly buries or otherwise secretly disposes of a dead child's body is guilty of a Class H felony. For purposes of this subsection, a child is any person who is less than 16 years of age.

(b) Any person who aids, counsels, or abets any other person in concealing the death of 280 person is guilty of a Class A1 misdemeanor.

(c) Any person who willfully (i) disturbs, vandalizes, or desecrates human remains, by any means, including any physical alteration or manipulation of the human remains, or (ii) commits or attempts to commit upon any human remains any act of sexual penetration is guilty of a Class I felony. This subsection does not apply to:

- (1) Acts by a first responder or others providing medical care.
- (2) Acts committed as part of scientific or medical research, treatment, or diagnosis.
- (3) Acts performed by a licensed funeral director or embalmer consistent with standard practice.
- (4) Acts committed for the purpose of extracting body parts in accordance with usual and customary standards of medical practice.
- (5) Acts by a professional archaeologist as defined in G.S. 70-28(4) acting pursuant to the provisions of Article 3 of Chapter 70 of the General Statutes.
- (6) Acts committed for any other lawful purpose.

(d) Any person who attempts to conceal evidence of the death of another by knowingly and willfully dismembering or destroying human remains, by any means, including removing body parts or otherwise obliterating any portion thereof, shall be guilty of a Class H felony.

(e) Any person who violates ~~subsection~~ subsection (a), (a1), or (d) of this section, knowing or having reason to know the body or human remains are of a person that did not die of natural causes, shall be guilty of a Class D felony.

(f) As used in this section, "human remains" means any dead human body in any condition of decay or any significant part of a dead human body, including any limb, organ, or bone."

SECTION 6. G.S. 14-225 reads as rewritten:

"§ 14-225. False reports to law enforcement agencies or officers.

(a) ~~Any~~ Except as provided in subsection (b) of this section, any person who shall willfully make or cause to be made to a law enforcement agency or officer any false, deliberately misleading or unfounded report, for the purpose of interfering with the operation of a law enforcement agency, or to hinder or obstruct any law enforcement officer in the performance of his duty, shall be guilty of a Class 2 misdemeanor.

(b) A violation of subsection (a) of this section is punishable as a Class H felony if the false, deliberately misleading, or unfounded report relates to a law enforcement investigation involving the disappearance of a child as that term is defined in G.S. 14-318.5 or child victim of a Class A, B1, B2, or C felony offense. For purposes of this subsection, a child is any person who is less than 16 years of age.

SECTION 7. G.S. 7B-301 reads as rewritten:

"§ 7B-301. Duty to report abuse, neglect, dependency, or death due to maltreatment.

(a) Any person or institution who has cause to suspect that any juvenile is abused, neglected, or dependent, as defined by G.S. 7B-101, or has died as the result of maltreatment, shall report the case of that juvenile to the director of the department of social services in the county where the juvenile resides or is found. The report may be made orally, by telephone, or in writing. The report shall include information as is known to the person making it including the name and address of the juvenile; the name and address of the juvenile's parent, guardian, or caretaker; the age of the juvenile; the names and ages of other juveniles in the home; the present whereabouts of the juvenile if not at the home address; the nature and extent of any injury or condition resulting from abuse, neglect, or dependency; and any other information which the person making the report believes might be helpful in establishing the need for protective services or court intervention. If the report is made orally or by telephone, the person making the report shall give the person's name, address, and telephone number. Refusal of the person making the report to give a name shall not preclude the department's assessment of the alleged abuse, neglect, dependency, or death as a result of maltreatment.

Upon receipt of any report of sexual abuse of the juvenile in a child care facility, the director shall notify the State Bureau of Investigation within 24 hours or on the next workday. If sexual abuse in a child care facility is not alleged in the initial report, but during the course of the assessment there is reason to suspect that sexual abuse has occurred, the director shall immediately notify the State Bureau of Investigation. Upon notification that sexual abuse may have occurred in a child care facility, the State Bureau of Investigation may form a task force to investigate the report.

(b) Any person or institution who knowingly or wantonly fails to report the case of a juvenile as required by subsection (a) of this section, or who knowingly or wantonly prevents another person from making a report as required by subsection (a) of this section, is guilty of a Class 1 misdemeanor.

(c) A director of social services who receives a report of sexual abuse of a juvenile in a child care facility and who knowingly fails to notify the State Bureau of Investigation of the report pursuant to subsection (a) of this section is guilty of a Class 1 misdemeanor."

SECTION 8. This act becomes effective December 1, 2013, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 8th day of May, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:20 a.m. this 17th day of May, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-324
HOUSE BILL 232**

AN ACT TO MAKE TECHNICAL AND OTHER CHANGES TO THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES STATUTES, AS REQUESTED BY THE STATE HEALTH PLAN.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-48.40(b)(1) reads as rewritten:

"(b) Partially Contributory Coverage. – The following persons are eligible for coverage under the Plan, on a partially contributory basis, subject to the provisions of G.S. 135-48.43:

(1) All ~~permanent~~ full-time employees of an employing unit ~~unit~~ who meet either of the following conditions:

a. Paid from general or special State funds.

b. Paid from non State funds and in a group for which his or her employing unit has agreed to provide coverage.

Employees of State agencies, departments, institutions, boards, and commissions not otherwise covered by the Plan who are employed in permanent job positions on a recurring basis and who work 30 or more hours per week for nine or more months per calendar year are covered by the provisions of this subdivision. For the purposes of this section, the full-time status of an employee will be determined by the employing unit in accordance with section 4980H of the Internal Revenue Code and the applicable regulations, as amended."

SECTION 2. G.S. 135-48.40(b)(2) is repealed.

SECTION 3. G.S. 135-48.42(e) reads as rewritten:

"(e) Eligible employees and retirees may only change their elections, including adding or removing dependents, during the Plan year due to a qualifying event as defined under federal law."

SECTION 4. G.S. 135-48.43 reads as rewritten:

"§ 135-48.43. Effective dates of coverage.

(a) Eligible Employees and Retired Employees. – Employees and retirees who otherwise satisfy the eligibility requirements set forth in G.S. 135-48.40 will be offered coverage with the following effective dates:

(1) Employees and retired employees covered under the Predecessor Plan will continue to be covered, subject to the terms hereof.

(2) New employees may apply for coverage to be effective on the first day of the month following employment, ~~or on a like date the following month if the employee has enrolled~~ the date that the employee is determined by the employing unit to be a full-time employee as defined in G.S. 135-48.40(b)(1) or, if later, the first day of any applicable stability periods established by the employing unit in accordance with section 4980H of the Internal Revenue Code and the applicable regulations, as amended.

(3) ~~Employees age 19 or older not enrolling or adding dependents age 19 and older when first eligible in accordance with G.S. 135-48.42 may enroll later during annual enrollment, but may be subject to a 12-month waiting period for a preexisting health condition, except employees who elect to change their coverage in accordance with rules adopted by the State Treasurer for optional alternative plans offered under the Plan.~~



- (4) Members of the General Assembly, beginning with the 1985 Session, shall become first eligible with the convening of each Session of the General Assembly, regardless of a Member's service during previous Sessions. Members and their dependents enrolled when first eligible after the convening of each Session of the General Assembly will not be subject to any waiting periods for preexisting health conditions. Members of the 1983 Session of the General Assembly, not already enrolled, shall be eligible to enroll themselves and their dependents on or before October 1, 1983, without being subject to any waiting periods for preexisting health conditions.
- (b) Waiting Periods and Preexisting Conditions. –
 - ...
 - (3) Retiring employees and dependents enrolled when first eligible after an employee's retirement are subject to no waiting period for preexisting conditions under the Plan. Retiring employees not enrolled or not adding dependents age 19 and older when first eligible after an employee's retirement may enroll at a later ~~on the first of any following month, time during annual enrollment,~~ but ~~will~~ may be subject to a 12-month waiting period for preexisting conditions except as provided in subdivision (a)(3) of this section.

...."

SECTION 5. G.S. 135-48.51 reads as rewritten:

"§ 135-48.51. Coverage and operational mandates related to Chapter 58 of the General Statutes.

The following provisions of Chapter 58 of the General Statutes apply to the State Health Plan:

...

- (8) G.S. 58-3-250, Payment obligations for covered services.
- (9) G.S. 58-3-265, ~~Payment obligations for covered services.~~ Prohibition on managed care provider incentives.

...."

SECTION 6. G.S. 147-86.23 reads as rewritten:

"§ 147-86.23. Interest and penalties.

A State agency shall charge interest at the rate established pursuant to G.S. 105-241.21 on a past-due account receivable from the date the account receivable was due until it is paid. A State agency shall add to a past-due account receivable a late payment penalty of no more than ten percent (10%) of the account receivable. A State agency may waive a late-payment penalty for good cause shown. If another statute requires the payment of interest or a penalty on a past-due account receivable, this section does not apply to that past-due account receivable. This section does not apply to money owed to the University of North Carolina Health Care System or to East Carolina University's Division of Health Sciences for health care ~~services or~~ services, to the North Carolina Turnpike Authority for money owed to the Authority for ~~tolls.~~ tolls, or to the North Carolina State Health Plan for past-due account receivables related to premiums and claims payments."

SECTION 7. Section 1 and the amendment to G.S. 135-48.43(a)(2) made in Section 4 become effective January 1, 2015, and apply to plan years beginning on or after that date. Section 3 and Section 4, except for the amendment to G.S. 135-48.43(a)(2) made in Section 4, become effective January 1, 2014, and apply to plan years beginning on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:25 p.m. this 23rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-240
HOUSE BILL 249**

AN ACT TO REQUIRE LOCAL SCHOOL ADMINISTRATIVE UNITS TO REFUND THE
SUBSTITUTE DEDUCTION TO A TEACHER TAKING PERSONAL LEAVE IF NO
SUBSTITUTE IS HIRED FOR THAT TEACHER.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-302.1(d) reads as rewritten:

"(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for each full month of employment not to exceed two days per year. Personal leave may be accumulated without any applicable maximum until June 30 of each year. A teacher may carry forward to July 1 a maximum of five days of personal leave; the remainder of the teacher's personal leave shall be converted to sick leave on June 30. At the time of retirement, a teacher may also convert accumulated personal leave to sick leave for creditable service towards retirement.

Personal leave may be used only upon the authorization of the teacher's immediate supervisor. A teacher shall not take personal leave on the first day the teacher is required to report for the school year, on a required teacher workday, on days scheduled for State testing, or on the day before or the day after a holiday or scheduled vacation day, unless the request is approved by the principal. On all other days, if the request is made at least five days in advance, the request shall be automatically granted subject to the availability of a substitute teacher, and the teacher cannot be required to provide a reason for the request. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave. ~~Teachers using personal leave receive full salary less the required substitute deduction, except for teachers using personal leave on non-protected teacher workdays. Teachers using personal leave on non-protected teacher workdays shall receive full salary. Teachers using personal leave on other days shall receive full salary less the required substitute deduction. If, however, no substitute is hired for a teacher, the substitute reduction shall be refunded to that teacher.~~"

SECTION 2. This act is effective when it becomes law and applies beginning with the 2013-2014 school year.

In the General Assembly read three times and ratified this the 24th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:33 a.m. this 3rd day of July, 2013



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-359
HOUSE BILL 250

AN ACT TO PROVIDE FOR ENROLLMENT PRIORITY AND PROCEDURES FOR
CERTAIN STUDENTS APPLYING TO CHARTER SCHOOLS AND TO MAKE
CHANGES AS TO WHAT QUALIFIES AS A MATERIAL REVISION TO A CHARTER
APPLICATION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-238.29F(g) reads as rewritten:

"(g) Admission Requirements. –

- (1) Any child who is qualified under the laws of this State for admission to a public school is qualified for admission to a charter school.
- (2) No local board of education shall require any student enrolled in the local school administrative unit to attend a charter school.
- (3) Admission to a charter school shall not be determined according to the school attendance area in which a student resides, except that any local school administrative unit in which a public school converts to a charter school shall give admission preference to students who reside within the former attendance area of that school.
- (4) Admission to a charter school shall not be determined according to the local school administrative unit in which a student resides.
- (5) A charter school shall not discriminate against any student on the basis of ethnicity, national origin, gender, or disability. Except as otherwise provided by law or the mission of the school as set out in the charter, the school shall not limit admission to students on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry. Within one year after the charter school begins operation, the charter school shall make efforts for the population of the school to reasonably reflect the racial and ethnic composition of the general population residing within the local school administrative unit in which the school is located or the racial and ethnic composition of the special population that the school seeks to serve residing within the local school administrative unit in which the school is located. The school shall be subject to any court-ordered desegregation plan in effect for the local school administrative unit.

(5a) The charter school may give enrollment priority to any of the following:

- a. ~~siblings~~ Siblings of currently enrolled students who were admitted to the charter school in a previous year and year. For the purposes of this subsection, the term "siblings" includes any of the following who reside in the same household: half siblings, stepsiblings, and children residing in a family foster home.
- b. Siblings of students who have completed the highest grade level offered by that school and who were enrolled in at least four grade levels offered by the charter school or, if less than four grades are offered, in the maximum number of grades offered by the charter school.
- c. ~~to children~~ Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the State Board of Education, the following:



1. ~~Children of the school's principal, teachers, and teacher assistants.~~full-time employees.
 2. ~~In addition, and only for~~ For its first year of operation, the charter school may give enrollment priority to children of the initial members of the charter school's board of directors.~~directors, so long as (i) these children are limited to no more than ten percent (10%) of the school's total enrollment or to 20 students, whichever is less, and (ii) the charter school is not a former public or private school.~~
 - d. A student who was enrolled in the charter school within the two previous school years but left the school (i) to participate in an academic study abroad program or a competitive admission residential program or (ii) because of the vocational opportunities of the student's parent.
- (5b) Lottery procedures for siblings.
- a. ~~If multiple birth~~siblings apply for admission to a charter school and a lottery is needed under G.S. 115C-238.29F(g)(6), the charter school ~~shall~~may enter one surname into the lottery to represent all of the ~~multiple birth~~siblings.siblings applying at the same time. If that surname of the ~~multiple birth~~siblings is selected, then all of the ~~multiple birth~~siblings shall be ~~admitted.~~admitted to the extent that space is available and does not exceed the grade level capacity.
 - b. If multiple birth siblings apply for admission to a charter school and a lottery is needed under G.S. 115C-238.29F(g)(6), the charter school shall enter one surname into the lottery to represent all of the multiple birth siblings applying at the same time. If that surname of the multiple birth siblings is selected, then all of the multiple birth siblings shall be admitted.
- ~~Within one year after the charter school begins operation, the population of the school shall reasonably reflect the racial and ethnic composition of the general population residing within the local school administrative unit in which the school is located or the racial and ethnic composition of the special population that the school seeks to serve residing within the local school administrative unit in which the school is located. The school shall be subject to any court-ordered desegregation plan in effect for the local school administrative unit.~~
- (6) During each period of enrollment, the charter school shall enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, students shall be accepted by lot. Once enrolled, students are not required to reapply in subsequent enrollment periods.
 - (7) Notwithstanding any law to the contrary, a charter school may refuse admission to any student who has been expelled or suspended from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired."

SECTION 2. G.S. 115C-238.29D reads as rewritten:

"§ 115C-238.29D. Final approval of applications for charter schools.

(a) The State Board may grant final approval of an application if it finds that the application meets the requirements set out in this Part or adopted by the State Board of Education and that granting the application would achieve one or more of the purposes set out in G.S. 115C-238.29A. The State Board shall act by March 15 of a calendar year on all applications and appeals it receives prior to February 15 of that calendar year.

(b) Repealed by Session Laws 2011-164, s. 2(a), effective July 1, 2011.

(c) The State Board of Education may authorize a school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. The State Board shall not allocate any funds to the school until the school has obtained space.

(d) The State Board of Education may grant the initial charter for a period not to exceed 29010 years and may renew the charter upon the request of the chartering entity for subsequent

periods not to exceed 10 years each. The State Board of Education shall review the operations of each charter school at least once every five years to ensure that the school is meeting the expected academic, financial, and governance standards.

(e) A material revision of the provisions of a charter application shall be made only upon the approval of the State Board of Education.

~~It shall not be considered a material revision of a charter application and shall not require the prior approval of the State Board for a charter school to increase its enrollment during the charter school's second year of operation and annually thereafter (i) by up to twenty percent (20%) of the school's previous year's enrollment or (ii) in accordance with planned growth as authorized in the charter. Other~~ Except as provided in subsection (f) of this section, enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than twenty percent (20%) only if the State Board finds that all of the following:

- (1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized ~~enrollment; enrollment.~~
- (2) The charter school has commitments for ninety percent (90%) of the requested maximum ~~growth; growth.~~
- (3) The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its ~~students; students.~~
- (4) The charter school is not currently identified as ~~low-performing; low-performing.~~
- (5) The charter school meets generally accepted standards of fiscal ~~management; and management.~~
- (6) It is otherwise appropriate to approve the enrollment growth.

(f) It shall not be considered a material revision of a charter application and shall not require prior approval of the State Board for a charter school to do any of the following:

- (1) Increase its enrollment during the charter school's second year of operation and annually thereafter by up to twenty percent (20%) of the school's previous year's enrollment.
- (2) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.
- (3) Expand to offer one grade higher than the charter school currently offers if the charter school has operated for at least three years and has not been identified as having inadequate performance as provided in G.S. 115C-238.29G(a1)."

SECTION 3. This act is effective when it becomes law and applies beginning with the 2013-2014 school year.

In the General Assembly read three times and ratified this the 17th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Presiding Officer of the House of Representatives

s/ Pat McCrory
Governor

Approved 9:06 a.m. this 26th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-364
HOUSE BILL 269**

**AN ACT TO CREATE SPECIAL EDUCATION SCHOLARSHIP GRANTS FOR
CHILDREN WITH DISABILITIES.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-151.33 is repealed.

SECTION 2. Section 2 of S.L. 2011-395 is repealed.

SECTION 3. G.S. 105-160.3(b)(11) is repealed.

SECTION 4. Article 9 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1H. Special Education Scholarship Grants for Children With Disabilities.

"§ 115C-112.2. Definitions.

The following definitions apply in this Part:

- (1) Authority. – The North Carolina State Education Assistance Authority.
- (2) Eligible student. – A child with a disability under the age of 22 who meets all of the following criteria:
 - a. Requires an Individualized Education Plan.
 - b. Receives special education or related services on a daily basis.
 - c. Has not been placed in a nonpublic school or facility by a public agency at public expense.
 - d. Has not spent any time enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
 - e. Has not received a high school diploma.
 - f. Meets at least one of the following requirements:
 1. Was enrolled in a North Carolina public school during the previous semester.
 2. Received special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester.
 3. Received a scholarship grant for the previous semester.
 4. Is eligible for initial enrollment in kindergarten or the first grade in a North Carolina public school.
- (3) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter as identified by the Division of Nonpublic Education, Department of Administration.
- (4) Scholarship grants. – Grants awarded by the Authority to eligible students.

"§ 115C-112.3. Scholarship grants.

(a) The Authority shall make available no later than May 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic school and to receive special education and related services in a nonpublic school setting. Information about scholarship grants and the application process shall be made available on the Authority's Web site. The Authority shall give priority in awarding scholarship grants to eligible students who received a scholarship grant during the previous semester. Except as otherwise provided by the Authority for prior scholarship grant recipients, scholarship grants shall be awarded to eligible students in the order in which the applications are received.

(b) Scholarship grants awarded to eligible students shall be for amounts of not more than three thousand dollars (\$3,000) per semester per eligible student. Eligible students awarded grants may not be enrolled in a public school. Scholarship grants shall be awarded



only for the reimbursement of tuition and special education and related services, including those services provided to home schooled students. Parents may only receive reimbursement for tuition if the parent provides documentation that the student was enrolled in nonpublic school for no less than 75 days of the semester for which the parent seeks reimbursement. Parents may only receive reimbursement for related services provided to home schooled students if the parent provides documentation that the student received related services for no less than 75 days of the semester for which the parent seeks reimbursement. The Authority shall notify parents in writing of their eligibility to receive scholarship grants for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1. Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester as well as documentation that the student was enrolled in the nonpublic school for no less than 75 days of the semester for which the parent seeks reimbursement for tuition or documentation that related services were provided to a home schooled student for no less than 75 days of the semester for which the parent seeks reimbursement for related services. The Authority shall award a scholarship grant in the amount of costs demonstrated by the parent up to the maximum amount. If the costs incurred by the parent do not meet the maximum amount, the Authority shall use the remainder of those funds for the award of scholarship grants to eligible students for the following semester. The Authority shall award scholarship grants to the parents of eligible students at least semiannually.

(c) After an eligible student's initial receipt of a scholarship grant, the Authority shall ensure that the student is reevaluated at least every three years by the local educational agency in order to verify that the student continues to be a child with a disability.

(d) The Authority shall establish rules and regulations for the administration and awarding of scholarship grants.

"§ 115C-112.4. Verification of eligibility.

(a) The Authority may seek verification of information on any application for scholarship grants from eligible students. If a parent fails to cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant to the eligible student.

(b) Parents of applicants for scholarship grants shall authorize the Authority to access any information held by the local educational agency that is needed for verification efforts.

"§ 115C-112.5. Authority reporting requirements.

(a) The Authority shall report annually, no later than October 1, to the Joint Legislative Education Oversight Committee on the Special Education Scholarship Grants for Children with Disabilities.

(b) The annual report shall include all of the following information:

- (1) Total number, age, and grade level of eligible students receiving scholarship grants.
- (2) Total amount of scholarship grant funding awarded.
- (3) Nonpublic schools in which scholarship grant recipients are enrolled and the number of scholarship grant students at that school.
- (4) The type of special education or related services for which scholarship grants were awarded."

SECTION 5.(a) There is appropriated from the General Fund to the North Carolina State Education Assistance Authority (NCSEAA) the sum of three million six hundred seventy thousand five hundred dollars (\$3,670,500) for the 2013-2014 fiscal year and the sum of four million three hundred forty-one thousand dollars (\$4,341,000) for the 2014-2015 fiscal year in recurring funds to implement the requirements of this act. Of the funds appropriated to NCSEAA under this section, NCSEAA shall use the sum of three million dollars (\$3,000,000) for fiscal year 2013-2014 and the sum of three million dollars (\$3,000,000) for fiscal year 2014-2015 to award scholarship grants to eligible students. Any unexpended funds for this purpose shall not revert at the end of each fiscal year but shall remain available to award scholarship grants to eligible students.

The remainder of the funds, up to six hundred seventy thousand five hundred dollars (\$670,500) for fiscal year 2013-2014 and up to one million three hundred forty-one thousand dollars (\$1,341,000) for fiscal year 2014-2015 shall be transferred to the North Carolina Department of Public Instruction to conduct reevaluations of eligible students as required by

SECTION 5.(b) Of the funds appropriated to NCSEAA to be used for the award of scholarship grants to eligible students under subsection (a) of this section, for fiscal year 2013-2014, NCSEAA may retain up to two hundred thousand dollars (\$200,000) for administrative costs associated with the scholarship grant program. For fiscal year 2014-2015 and subsequent years, NCSEAA may retain up to two percent (2%) annually for administrative costs associated with the scholarship grant program.

SECTION 5.(c) Nothing in this act shall require the General Assembly to appropriate funds to implement it. Subsections (a) and (b) of this section become effective only if those funds are appropriated by the Current Operations and Capital Improvements Appropriations Act of 2013.

SECTION 6.(a) Article 32D of Chapter 115C of the General Statutes is repealed.

SECTION 6.(b) The State Controller shall transfer the fund balance from the Fund for Special Education and Related Services to Nontax Budget Code 19978 (Intrastate Transfers) or the appropriate budget code as determined by the State Controller to support General Fund appropriations for the 2013-2014 fiscal year.

SECTION 7. Notwithstanding the definition for "eligible student" set forth in G.S. 115C-112.2, as enacted by this act, a child who is otherwise eligible to receive a scholarship grant for the spring semester of the 2013-2014 school year is deemed to have met the requirements of G.S. 115C-112.2(2)f., as enacted by this act, if the child is a dependent child for whom a taxpayer is allowed a credit for the fall semester of the 2013-2014 school year under G.S. 105-151.33 and the taxpayer affirms, under oath, that the taxpayer will claim the credit for that semester. Notwithstanding G.S. 105-259(b), the Department of Revenue shall furnish, upon request, to the Authority a list of claimants that received a credit pursuant to G.S. 105-151.33 for the taxable year beginning on or after January 1, 2013.

SECTION 8. Sections 1, 2, and 3 of this act are effective for taxable years beginning on or after January 1, 2014. This act does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this act before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal. Sections 5 and 6 of this act become effective July 1, 2013. The remainder of this act is effective when it becomes law and applies beginning with the spring semester of the 2013-2014 school year. Notwithstanding the requirement to make applications available by May 1 in G.S. 115C-112.3(a), as enacted by this act, applications for the 2014 spring semester shall be made available no later than October 1, 2013, and the Authority shall notify parents in writing of the eligibility as soon as practicable.

In the General Assembly read three times and ratified this the 23rd day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:24 p.m. this 29th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-128
HOUSE BILL 289**

**AN ACT RELATED TO THE PURCHASING OF REFURBISHED COMPUTER
EQUIPMENT AS A METHOD OF ACQUISITION FOR STATE AND LOCAL
GOVERNMENTAL ENTITIES.**

The General Assembly of North Carolina enacts:

SECTION 1. Definitions. – The following definitions apply in this act:

- (1) Computer equipment. – Any desktop computer, notebook or laptop computer, monitor or video display unit for a computer system, and the keyboard, mice, other peripheral equipment, and a printing device such as a printer, a scanner, a combination print-scanner-fax machine, or other device designed to produce hard paper copies from a computer.
- (2) Computer equipment refurbisher. – A person in the business of restoring pre-owned computer equipment to original equipment standards, meeting the manufacturers' warranty requirements and any software licensing requirements.
- (3) Registered computer equipment refurbisher. – A person certified by the original equipment manufacturer to restore pre-owned computer equipment to original equipment standards meeting the manufacturers' warranty requirements, and any software licensing requirements, in accordance with the manufacturers' and software makers' official refurbisher programs.
- (4) Refurbished computer equipment. – Computer equipment that has been reformatted to remove any preexisting software and data, and then cleaned, repaired, inspected, and tested as necessary to ensure that the equipment has been restored to "like new" full functionality that meets or exceeds the manufacturers' original equipment standards and warranty requirements.
- (5) State and local governmental entities. – The executive, legislative, and judicial branches of government; any local political subdivisions of the State; community colleges; local boards of educations; and The University of North Carolina.

SECTION 2. The Office of the State Chief Information Officer and the Department of Administration, with the administrative support of the Information Technology Procurement Office, shall offer State and local governmental entities the option of purchasing refurbished computer equipment from registered computer equipment refurbishers whenever most appropriate to meet the needs of State and local governmental entities.

State and local governmental entities shall document savings resulting from the purchase of the refurbished computer equipment, including, but not limited to, the initial acquisition cost as well as operations and maintenance costs. These savings shall be reported quarterly to the Office of the State Chief Information Officer.

The Information Technology Procurement Office shall administer the refurbished computer equipment program by establishing a competitive purchasing process to support this initiative that meets all State information technology procurement laws and procedures and ensures that agencies receive the best value.

Participating computer equipment refurbishers must meet all procurement requirements established by the Office of the State Chief Information Officer and the Department of Administration.



SECTION 3. Refurbished computer equipment purchased under this act must conform to the same standards as the State may establish as to the configuration and specification requirements for the purchase of new computers.

SECTION 4. The Office of the State Chief Information Officer shall maintain data on equipment reliability, potential cost savings, and any issues associated with the refurbished computer equipment initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by March 1, 2014, and then quarterly thereafter.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 13th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:21 p.m. this 19th day of June, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-119
HOUSE BILL 317**

**AN ACT TO IMPROVE EDUCATIONAL OUTCOMES FOR NORTH CAROLINA
CHILDREN WHO ARE DEAF OR HARD OF HEARING.**

Whereas, children with low-incidence disabilities, as a group, make up approximately one percent (1%) of the total statewide enrollment in public schools; and

Whereas, children with low-incidence disabilities may require highly specialized services, equipment, and materials from the age of onset; and

Whereas, the acquisition of language is essential to the achievement of literacy and academic success; and

Whereas, children who are deaf or hard of hearing, regardless of communication modality, are entitled to the same opportunity to achieve grade and age-level literacy as other children; and

Whereas, skill in signing or speaking does not guarantee skill in reading and writing, and reading and writing must be taught using the mode of the individual child's communication; and

Whereas, children who have a solid language base, regardless of whether it is spoken or signed, become better readers than those who do not; and

Whereas, all children who come to school and who are not proficient in reading and writing English, including children whose spoken language is not English and children who use non-English American Sign Language (ASL) or other combined signing systems, must receive specialized instruction in order to read and write English; and

Whereas, some children who are deaf or hard of hearing and who are not proficient in reading and writing English may be eligible for special education services if an Individualized Education Program (IEP) team determines the child's hearing loss is the reason the child has not obtained proficiency in reading and writing English; and

Whereas, some children who are deaf or hard of hearing require instruction from highly qualified and certified personnel who can communicate using the individual child's communication mode; and

Whereas, children who are deaf or hard of hearing may be classified as having a primary disability other than hearing loss for purposes of special education and, therefore, may not be tracked within existing Department of Public Instruction databases as having a hearing loss, thus making it challenging to monitor their language development and literacy achievement; and

Whereas, children who are deaf or hard of hearing may be best served by having opportunities to interact with a sufficient number of same language and communication mode peers who are of the same age and ability level; and

Whereas, it is desirable for children who are deaf or hard of hearing to have opportunities to interact with adult role models who are deaf or hard of hearing; and

Whereas, children who are deaf or hard of hearing should be offered equal opportunity to benefit from all services and programs at their school; and

Whereas, North Carolina has adopted the Common Core State and NC Essential Standards; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. The State Board of Education shall do at least all of the following to improve the educational outcomes for North Carolina children who are deaf or hard of hearing:



- (1) Develop assessment procedures and protocols to measure, at least annually or more frequently if specified in a child's Individualized Education Program (IEP), the acquisition of language skills necessary for literacy using linguistically and culturally appropriate assessment tools. The results of these assessments shall be used to determine whether further support and services, if any, are needed for a child.
- (2) Require an IEP team to use the Communication Plan Worksheet for Student Who is Deaf or Hard of Hearing to document (i) the team's consideration of the language and communication needs of the individual child as the IEP is developed, reviewed, or revised, (ii) data to be used in the placement decisions made for that child, and (iii) the team's review, at least annually, of the child's placement and language and communication needs.
- (3) Ensure that personnel who are highly qualified in the education of children who are deaf or hard of hearing are available to meet the unique needs of each child, including interactions in the child's language and communication modality to meet academic and social goals.
- (4) Develop and implement strategies to ensure that parents of a child who is deaf or hard of hearing know they are entitled to request that the child's IEP team consider placement of their child in a residential setting and, if such a request is made, that a representative from one of the two North Carolina residential/day program schools for the deaf shall be a member of the IEP team.

SECTION 2. The Department of Health and Human Services and other State agencies and organizations upon the request of the Department of Public Instruction (DPI) shall make databases containing information on children under the age of 22 who are diagnosed as deaf or hard of hearing available to DPI. DPI shall use this information to develop and maintain a statewide data tracking system for the purpose of coordinating with other State agencies and organizations and ensuring literacy achievement for all such children who are deaf or hard of hearing.

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 10th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:11 p.m. this 19th day of June, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-287
HOUSE BILL 357

AN ACT TO INCREASE CITIZEN OVERSIGHT AND TO MAKE OTHER CONSOLIDATIONS AND IMPROVEMENTS IN THE GOVERNANCE OF THE STATE RETIREMENT SYSTEMS, AND TO IMPROVE TRANSPARENCY BY ENSURING THAT ALL RETIREMENT PLANS ADMINISTERED BY THE DEPARTMENT OF STATE TREASURER ARE OVERSEEN BY A BOARD OF TRUSTEES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-96 reads as rewritten:

"§ 135-96. Supplemental Retirement Board of Trustees.

(a) The Supplemental Retirement Board of Trustees is established to administer the Supplemental Retirement Income Plan established under the provisions of this Article and the North Carolina Public Employee Deferred Compensation Plan established under G.S. 143B-426.24-G.S. 143B-426.24, and the North Carolina Public School Teachers' and Professional Educators' Investment Plan established under G.S. 115C-341.2.

...
(e) The Board may retain the services of independent appraisers, auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or other persons or firms possessing specialized skills or knowledge necessary for the proper administration of investment programs that the Board administers pursuant to this section."

SECTION 2. G.S. 161-50.1(b) reads as rewritten:

"(b) ~~The North Carolina Department of State Treasurer~~Board of Trustees of the Local Governmental Employees' Retirement System shall administer the provisions of this Article."

SECTION 3. G.S. 127A-40 reads as rewritten:

"(f) The Board of Trustees of the Teachers' and State Employees' Retirement System shall administer the provisions of this section. The Secretary of Public Safety shall determine the eligibility of North Carolina National Guard members for the benefits provided in this section and shall certify those eligible to the ~~State Treasurer~~Board of Trustees. In addition, the Department of Public Safety shall, on and after July 1, 1983, provide the ~~Department of State Treasurer~~Board of Trustees with an annual census population, by age and the number of years of creditable service, for all former members of the North Carolina National Guard in receipt of a pension as well as for all active members of the North Carolina National Guard who are not in receipt of a pension and who have seven and more years of creditable service. The Department of Public Safety shall also provide the ~~State Treasurer~~a Board of Trustees an annual census population of all former members of the North Carolina National Guard who are not in receipt of a pension and who have 15 and more years of creditable service. The Department of State Treasurer shall make pension payments to those persons certified from the North Carolina National Guard Pension Fund, which shall include general fund appropriations made to the Department of State Treasurer. The ~~Department of State Treasurer~~Board of Trustees shall have performed an annual actuarial valuation of the fund and shall have the financial responsibility for maintaining the fund on a generally accepted actuarial basis. The Department of Public Safety shall provide the Department of State Treasurer with whatever assistance is required by the State Treasurer in carrying out the State Treasurer's and the Board of Trustees' financial responsibilities."

SECTION 4.(a) G.S. 135-6(b) reads as rewritten:

"(b) Membership of Board; Terms. – The Board shall consist of ~~14~~13 members, as follows:



- (1) The State Treasurer, ex officio;
- (2) The Superintendent of Public Instruction, ex officio;
- (3) ~~Ten~~ Nine members to be appointed by the Governor and confirmed by the Senate of North Carolina. One of the appointive members shall be a member of the teaching profession of the State; ~~one of the appointive members shall be an employee of the Board of Transportation, who shall be appointed by the Governor for a term of four years commencing April 1, 1947, and quadrennially thereafter;~~ one of the appointive members shall be a representative of higher education appointed by the Governor for a term of four years commencing July 1, 1969, and quadrennially thereafter; one of the appointive members shall be a retired teacher who is drawing a retirement allowance, appointed by the Governor for a term of four years commencing July 1, 1969, and quadrennially thereafter; one shall be a retired State employee who is drawing a retirement allowance, appointed by the Governor for a term of four years commencing July 1, 1977, and quadrennially thereafter; one to be a general State employee, and ~~three~~ two who are not members of the teaching profession or State employees; two to be appointed for a term of two years, two for a term of three years and one for a term of four years; one appointive member shall be a law-enforcement officer employed by the State, appointed by the Governor, for a term of four years commencing April 1, 1985. One member shall be an active or retired member of the North Carolina National Guard appointed by the Governor for a term of four years commencing July 1, 2013. At the expiration of these terms of office the appointment shall be for a term of four years;
- (4) Two members appointed by the General Assembly, one appointed upon the recommendation of the Speaker of the House of Representatives, and one appointed upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. Neither of these members may be an active or retired teacher or State employee or an employee of a unit of local government. The initial members appointed by the General Assembly shall serve for terms expiring June 30, 1983. Thereafter, their successors shall serve for two-year terms beginning July 1 of odd-numbered years. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122."

SECTION 4.(b) G.S. 128-28(c) reads as rewritten:

"(c) Members of Board. – The Board shall consist of (i) ~~seven~~ five members of the Board of Trustees of the Teachers' and State Employees' Retirement System appointed under G.S. 135-6(b); the State Treasurer; the Superintendent of Public Instruction; the two members appointed by the General Assembly; and one of the three ~~two~~ members appointed by the Governor who are not members of the teaching profession or State employees; and (ii) ~~seven~~ eight members designated by the Governor:

- (1) One member shall be a mayor or a member of the governing body of a city or town participating in the Retirement System;
- (2) One member shall be a county commissioner of a county participating in the Retirement System;
- (3) One member shall be a law-enforcement officer employed by an employer participating in the Retirement System;
- (4) One member shall be a county manager of a county participating in the Retirement System;
- (5) One member shall be a city or town manager of a city or town participating in the Retirement System;
- (6) One member shall be an active, Fair Labor Standards Act nonexempt, local governmental employee of an employer; ~~and~~
- (7) One member shall be a retired, Fair Labor Standards Act nonexempt, local governmental employee of an ~~employer~~ employer; ~~and~~
- (8) One member shall be an active or retired member of the Firemen's and Rescue Squad Workers' Pension Fund.

The Governor shall designate ~~seven~~ eight members on April 1 of years in which an election **302** is held for the office of Governor, or as soon thereafter as possible, and the ~~seven~~ eight

members designated by the Governor shall serve on the Board in addition to the regular duties of their city, town, or county office: Provided, that if for any reason any member appointed pursuant to subdivisions (1) through (6) of this subsection vacates the city, town, or county office or employment which the member held at the time of this designation, the Governor shall designate another member to serve until the next regular date for the designation of members to serve on the Board."

SECTION 5. Article 5 of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-97. Immunity.

A person serving on the Supplemental Retirement Board of Trustees shall be immune individually from civil liability for monetary damages, except to the extent covered by insurance, for any act or failure to act arising out of that service, except where any of the following apply:

- (1) The person was not acting within the scope of that person's official duties.
- (2) The person was not acting in good faith.
- (3) The person committed gross negligence or willful or wanton misconduct that resulted in the damages or injury.
- (4) The person derived an improper personal financial benefit, either directly or indirectly, from the transaction.
- (5) The person incurred the liability from the operation of a motor vehicle."

SECTION 6. G.S. 120-4.9 reads as rewritten:

"§ 120-4.9. Retirement system established.

A Retirement System is established and placed under the Board of Trustees of the Teachers' and State Employees' Retirement System for administrative purposes. This Retirement System is a governmental plan, within the meaning of Section 414(d) of the Internal Revenue Code. Therefore, the nondiscrimination rules of Sections 401(a)(5) and 401(a)(26) of the Code do not apply.

The Retirement System shall have all the power and privileges of a corporation and shall be known as the "Legislative Retirement System of North Carolina." By this name all of its business shall be transacted, all of its funds invested and all of its cash and securities and other property held. All direction and policies concerning the Legislative Retirement System shall be vested in the ~~Legislative Services Commission~~ Board of Trustees.

Consistent with Section 401(a)(1) of the Internal Revenue Code, all member employee and employer contributions to this Retirement System shall be made to funds held in trust through trust instruments that have the purposes of distributing trust principal and income to retired members and their beneficiaries and of paying other definitely determinable benefits under this Chapter, after meeting the necessary expenses of administering this Retirement System. Neither the trust corpus nor income from this trust can be used for purposes other than the exclusive benefit of members or their beneficiaries, except that employer contributions made to the trust under a good faith mistake of fact may be returned to an employer, where the refund can occur within less than one year after the mistaken contribution was made, consistent with the rule adopted by the Board of Trustees. The Retirement System shall have a consolidated Plan document, consisting of relevant statutory provisions in this Chapter, associated regulations in the North Carolina Administrative Code, substantive and procedural information on the official forms used by the Retirement System, and policies and minutes of the Board of Trustees."

SECTION 7. G.S. 120-4.10 reads as rewritten:

"§ 120-4.10. Administration of retirement system.

The Board of Trustees of the Teachers' and State Employees' Retirement System shall be the trustee of the Retirement System, ~~under the direction of the Legislative Services Commission~~ System. The provisions of this Article shall be administered by the Board of Trustees, ~~under the direction of the Legislative Services Commission~~ Trustees."

SECTION 8. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:15 p.m. this 18th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-288
HOUSE BILL 358**

**AN ACT TO MAKE TECHNICAL AND CONFORMING CHANGES TO THE STATUTES
AFFECTING THE STATE RETIREMENT SYSTEMS.**

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 143-166.30(d) reads as rewritten:

"(d) Supplemental Retirement Income Plan for State Law-Enforcement Officers. – As of January 1, 1985, there shall be created a Supplemental Retirement Income Plan, hereinafter called the "Plan," established for the benefit of all law-enforcement officers employed by the State, who shall be participants. The Board of Trustees of the State Retirement System shall administer the Plan and shall, under the terms and conditions otherwise appearing herein, provide Plan benefits either (i) by establishing a separate trust fund in conformance with Section 401(a), Section 401(k) or other sections of the Internal Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with some master trust fund providing the same benefits for participants. The Plan shall be separate and apart from any retirement systems.

In addition to the contributions transferred from the Law-Enforcement Officers' Retirement System and the contributions otherwise provided for in this Article, participants may make voluntary contributions to the Plan to be credited to the designated individual accounts of participants; ~~provided, in no instance shall the total contributions by a participant exceed ten percent (10%) of a participant's compensation within any calendar year.~~ participants.

All contributions to the Plan shall be credited to the individual accounts of participants, and except as provided in subsection (g1) of this section, shall be fully and immediately vested in the name of the participant, and shall be invested according to each participant's election, as provided by the Board of Trustees, including but not limited to time deposits, and both fixed and variable investments. The Plan may provide for loans to participants, at reasonable rates of interest to be charged, from participants' individual accounts, and may provide for withdrawal of contributions on account of hardship.

The benefit to a participant in the Plan shall be either a lump-sum distribution or a distribution in periodic installments of the participant's account payable under retirement, disability, or termination of employment. Upon the death of a participant there shall be paid the same lump-sum distribution or periodic installments to the surviving spouse of the participant or otherwise to the participant's estate; provided, should a participant instruct the Board of Trustees in writing that he does not wish these benefits to be paid to his spouse or estate, then the benefits shall be paid to the person or persons as the participant may name for this purpose.

Upon retirement, a participant in the Plan may elect to transfer any portion of his eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, to the Teachers' and State Employees' Retirement System and receive, in addition to his basic service, early or disability retirement allowance a special retirement allowance which shall be based on his eligible accumulated account balance at the date of the transfer of the assets."

SECTION 1.(b) G.S. 143-166.50(e) reads as rewritten:

"(e) Supplemental Retirement Income Plan for Local Governmental Law-Enforcement Officers. – As of January 1, 1986, all law-enforcement officers employed by a local government employer, are participating members of the Supplemental Retirement Income Plan as provided by Article 5 of Chapter 135 of the General Statutes. In addition to the contributions transferred from the Law-Enforcement Officers' Retirement System, participants may make voluntary contributions to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participants; ~~provided, in no instance shall the total~~



~~contributions by a participant exceed ten percent (10%) of a participant's compensation within any calendar year.~~ participants. From July 1, 1987, until July 1, 1988, local government employers of law enforcement officers shall contribute an amount equal to at least two percent (2%) of participating local officers' monthly compensation to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participating local officers; and on and after July 1, 1988, local government employers of law enforcement officers shall contribute an amount equal to five percent (5%) of participating local officers' monthly compensation to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participating local officers.

Additional contributions shall also be made to the individual accounts of all participants in the Plan, except for Sheriffs, on a per capita equal-share basis from the sum of one dollar and twenty-five cents (\$1.25) for each cost of court collected under G.S. 7A-304.

Upon retirement, a participant in the Plan may elect to transfer any portion of his eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, to the Local Governmental Employees' Retirement System and receive, in addition to his basic service, early or disability retirement allowance a special retirement allowance which shall be based on his eligible accumulated account balance at the date of the transfer of the assets."

SECTION 2.(a) G.S. 128-26(a) reads as rewritten:

"(a) Each person who becomes a member during the first year of his or her employer's participation, and who was an employee of the same employer at any time during the year immediately preceding the date of participation, shall file a detailed statement of all service rendered by him or her to that employer prior to the date of participation for which he or she claims credit.

A participating employer may allow prior service credit to any of its employees on account of: their earlier service to the aforesaid employer; or, their earlier service to any other employer as the term employer is defined in G.S. 128-21(11); or, their earlier service to any state, territory, or other governmental subdivision of the United States other than this State.

A participating employer may allow prior service credit to any of its employees on account of service, as defined in G.S. 135-1(23), to the State of North Carolina to the extent of such service prior to the establishment of the Teachers' and State Employees' Retirement System on July 1, 1941; provided that employees allowed such prior service credit pay in a total lump sum an amount calculated on the basis of compensation the employee earned when the employee first entered membership and the employee contribution rate at that time together with interest thereon from year of first membership to year of payment shall be one half of the calculated cost.

(a1) With respect to a member retiring on or after July 1, 1967, the governing board of a participating unit may allow credit for any period of military service in the Armed Forces of the United States if the person returned to the service of the person's employer within two years after having been honorably discharged, or becoming entitled to be discharged, released, or separated from such the Armed Forces of the United States; provided that, notwithstanding the above provisions, any member having credit for not less than 10 years of otherwise creditable service may be allowed credit for such military services which are not creditable in any other governmental retirement system; provided further, that a member will receive credit for military service under the provisions of this paragraph only if the member submits satisfactory evidence of the military service claimed and the participating unit of which the member is an employee agrees to grant credit for such military service prior to January 1, 1972.

A member retiring on or after July 1, 1971, who is not granted credit for military service under the provisions of the preceding paragraph will be allowed credit for any period of qualifying service in the Armed Forces of the United States up to the date the member was first eligible to be separated or released therefrom; States, as defined for purposes of reemployment rights under federal law, provided that the member was an employee as defined in G.S. 128-21(10) at the time the member entered military service, and either ~~of (i) the returning member is in service, with the employer by whom the member was employed when the member entered military service, for a period of not less than 10 years after the member is separated or released from that military service under other than dishonorable conditions or (ii) the following conditions is met:~~are met, in the conjunctive:

- (1) ~~The member returns to service, with the employer by whom the member was employed when the member entered military service, within a period of two~~

- ~~years after the member is first eligible to be separated or released from such military service under other than dishonorable conditions.~~
- (2) ~~The member is in service, with the employer by whom the member was employed when the member entered military service, for a period of not less than 10 years after the member is separated or released from the Armed Forces of the United States under other than dishonorable conditions.~~
 - (1) The member did not, prior to leaving for military service, provide clear written notice of an intent not to return to work after military service.
 - (2) The member was discharged from uniformed service and returned from the leave of absence for uniformed service to membership service in this system within the time limit mandated by federal law for reporting back to work.
 - (3) The period of uniformed service, for which additional service credit is sought, has been verified by suitable documentation and is not eligible for receipt of benefits under any other retirement system or pension plan.
 - (4) All service credit forfeited by a refund pursuant to the provisions of G.S. 128-27(f) has been purchased.

The uniformed service credit allowed under this subsection shall be limited to a maximum of five years unless otherwise specifically exempted from that durational limitation by federal law. The salary or compensation of such an employee during the period of qualifying military service shall be deemed to be that salary or compensation the employee would have received but for the period of service had the employee remained continuously employed, if the determination of that salary or compensation is reasonably certain. If the determination of the salary or compensation is not reasonably certain, then it shall be deemed to be that employee's average rate of compensation during the 12-month period immediately preceding the period of service.

Pursuant to 38 U.S.C. § 4318(b)(1), when a member who has been on military leave returns to work consistent with the provisions of this subsection concerning return to service within two years after the member's earliest eligibility for separation or release from military service, then the member's employer must remit to the System all the employer contributions for the full period of that member's military service."

SECTION 3.(a) G.S. 135-1(14) reads as rewritten:

- "(14) "Membership service" shall mean service as a teacher or State employee rendered while a member of the Retirement ~~System~~ System or membership service in a North Carolina Retirement System that has been transferred into this system."

SECTION 3.(b) G.S. 128-21(14) reads as rewritten:

- "(14) "Membership service" shall mean service as an employee rendered while a member of the Retirement ~~System~~ System or membership service in a North Carolina Retirement System that has been transferred into this system."

SECTION 4.(a) G.S. 135-1(20) reads as rewritten:

- "(20) "Retirement" under this Chapter means the commencement of monthly retirement benefits along with termination of employment and the complete separation from active service with no intent or agreement, express or implied, to return to service. A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must ~~render no service, perform no work for an employer, including part-time, temporary, substitute, or contractor service, work,~~ at any time during the six months immediately following the effective date of retirement. For purposes of this subdivision, ~~service~~ working as a member of a school board or as an unpaid bona fide volunteer in a local school administrative unit shall not be considered service. A member who is a full-time faculty member of The University of North Carolina may effect a retirement allowance under this Chapter, notwithstanding the six-month requirement above, provided the member immediately enters the University's Phased Retirement Program for Tenured Faculty as that program existed on May 25, 2011."

SECTION 4.(b) G.S. 128-21(19) reads as rewritten:

- "(19) "Retirement" under this Article shall mean withdrawal the commencement of monthly retirement benefits, along with the termination of employment

and the complete separation from active service with a ~~retirement allowance granted under the provisions of this Article, no intent or agreement, expressed or implied, to return to service.~~ A retirement allowance under the provisions of this ~~Chapter~~ Article may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must ~~render no service, perform no work for a participating employer, including part time, part-time, temporary, substitute, or contractor service, work,~~ at any time during the same month immediately following the effective date-first day of retirement."

SECTION 4.(c) G.S. 135-53(16) reads as rewritten:

"(16) "Retirement" under this Chapter shall mean the ~~withdrawal commencement of monthly retirement benefits, along with the termination of employment and the complete separation from active service with a retirement allowance granted under the provisions of this Chapter, no intent or agreement, expressed or implied, to return to service.~~ A retirement allowance under the provisions of this Chapter may only be granted upon retirement of a member. In order for a member's retirement to become effective in any month, the member must ~~render no service-perform no work, including part-time, temporary, substitute, or contractor work,~~ at any time during ~~that month~~ the same month immediately following the effective first day of retirement."

SECTION 5. G.S. 135-5.1(b) reads as rewritten:

"(b) Participation in the Optional Retirement Program shall be governed as follows:

...
(2) Eligible employees initially appointed on or after July 1, 1985, shall at the same time of entering upon eligible employment elect (i) to join the Retirement System in accordance with the provisions of law applicable thereto or (ii) to participate in the Optional Retirement Program. This election shall be in writing and filed with the Retirement System and with the employing institution and shall be effective as of the date of entry into eligible service. For purposes of this provision, the Optional Retirement Program shall be permitted to file individual election forms with the Retirement System using electronic transmission.

....
SECTION 6. G.S. 135-105(d) reads as rewritten:

"(d) The provisions of this section shall be administered by the employer and further, the benefits during the first six months of the short-term disability period shall be the full responsibility of and paid by the employer; Provided, further, that upon the completion of the initial six months of the short-term disability period, the employer will continue to be responsible for the short-term benefits to the participant, however, such employer shall notify the Plan, at the conclusion of the short-term disability period or upon termination of short-term disability benefits, if earlier, of the amount of short-term benefits and State Health Insurance premiums paid by the employer and the Plan shall reimburse the employer the amounts so paid."

SECTION 7. G.S. 135-106(d) reads as rewritten:

"(d) Notwithstanding the foregoing, a participant or beneficiary who has applied for and been approved by the Medical Board for long-term disability benefits may make an irrevocable election, within 90 days from the date of notification of such approval, and prior to receipt of any long-term disability benefit payments, to forfeit all pending and accrued rights to the long-term disability benefit including any ancillary benefits and retire on an early service ~~retirement allowance-allowance, effective with the first day of the month following the end of the short-term period,~~ or receive a return of accumulated contributions from the Retirement System."

SECTION 8. G.S. 135-111 reads as rewritten:

"§ 135-111. Applicability of other pension laws.

Subject to the provisions of this Article, the provisions of G.S. 135-9, entitled "Exemption from taxes, garnishment, attachment, etc."; G.S. 135-10, entitled "Protection against fraud"; G.S. 135-10.1, entitled "Failure to Respond"; ~~G.S. 135-18.11, entitled "Improper receipt of decedent's retirement allowance or disability benefit";~~ and G.S. 135-17, entitled "Facility of

payment" shall be applicable to this Article and to benefits paid pursuant to the provisions of this Article."

SECTION 9.(a) Article 6 of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-111.1. Improper receipt of decedent's Disability Income Plan allowance.

A person is guilty of a Class 1 misdemeanor if the person, with the intent to defraud, receives money as a result of cashing, depositing, or receiving a direct deposit of a decedent's Disability Income Plan allowance and the person (i) knows that he or she is not entitled to the decedent's Disability Income Plan allowance, (ii) receives the benefit at least two months after the date of the beneficiary's death, and (iii) does not attempt to inform this Retirement System of the beneficiary's death."

SECTION 9.(b) G.S. 135-18.11 reads as rewritten:

"§ 135-18.11. Improper receipt of decedent's retirement allowance.~~allowance or disability benefit.~~

A person is guilty of a Class 1 misdemeanor if the person, with the intent to defraud, receives money as a result of cashing, depositing, or receiving a direct deposit of a decedent's retirement allowance ~~or a decedent's monthly benefit under the Disability Income Plan of North Carolina~~ and the person (i) knows that he or she is not entitled to the decedent's retirement allowance, ~~allowance or the monthly disability benefit,~~ (ii) receives the benefit at least two months after the date of the retiree's or beneficiary's death, and (iii) does not attempt to inform this Retirement System of the retiree's or beneficiary's death."

SECTION 9.(c) G.S. 128-38.5 reads as rewritten:

"§ 128-38.5. Improper receipt of decedent's retirement allowance.

A person is guilty of a Class 1 misdemeanor if the person, with the intent to defraud, receives money as a result of cashing, depositing, or receiving a direct deposit of a decedent's retirement allowance and the person (i) knows that he or she is not entitled to the decedent's retirement allowance, (ii) receives the benefit at least two months after the date of the retiree's or beneficiary's death, and (iii) does not attempt to inform this Retirement System of the retiree's or beneficiary's death."

SECTION 9.(d) G.S. 135-75.2 reads as rewritten:

"§ 135-75.2. Improper receipt of decedent's retirement allowance.

A person is guilty of a Class 1 misdemeanor if the person, with the intent to defraud, receives money as a result of cashing, depositing, or receiving a direct deposit of a decedent's retirement allowance and the person (i) knows that he or she is not entitled to the decedent's retirement allowance, (ii) receives the benefit at least two months after the date of the retiree's or beneficiary's death, and (iii) does not attempt to inform this Retirement System of the retiree's or beneficiary's death."

SECTION 9.(e) G.S. 120-4.34 reads as rewritten:

"§ 120-4.34. Improper receipt of decedent's retirement allowance.

A person is guilty of a Class 1 misdemeanor if the person, with the intent to defraud, receives money as a result of cashing, depositing, or receiving a direct deposit of a decedent's retirement allowance and the person (i) knows that he or she is not entitled to the decedent's retirement allowance, (ii) receives the benefit at least two months after the date of the retiree's or beneficiary's death, and (iii) does not attempt to inform this Retirement System of the retiree's or beneficiary's death."

SECTION 10. G.S. 143-166.2(d) reads as rewritten:

"(d) The term "law-enforcement officer", "officer", or "fireman" shall mean a sheriff and all law-enforcement officers employed full-time, permanent part-time, or temporarily by a sheriff, the State of North Carolina or any county or municipality thereof, whether paid or unpaid; and all full-time custodial employees and probation and parole officers of the Division of Adult Correction of the Department of Public Safety; and all full time institutional and full-time, permanent part-time, and temporary detention employees of the Division of Juvenile Justice of the Department of Public Safety and full-time, permanent part-time, and temporary detention officers employed by any sheriff, county or municipality, whether paid or unpaid. The term "firemen" shall mean both "eligible firemen" as defined in ~~G.S. 58-86-25~~ Article 86 of Chapter 58 of the General Statutes, notwithstanding any age requirements set out in that Article, and all full-time, permanent part-time and temporary employees of the Division of Forest Resources, Department of Agriculture and Consumer Services, during the time they are actively engaged in fire-fighting activities; and shall mean all full-time employees of the North

Carolina Department of Insurance during the time they are actively engaged in fire-fighting activities, during the time they are training fire fighters or rescue squad workers, and during the time they are engaged in activities as members of the State Emergency Response Team, when the Team has been activated; and shall mean all otherwise eligible persons who, while actively engaged as firefighters or rescue squad workers, are acting in the capacity of a fire or rescue instructor outside their own department or squad. The term "rescue squad worker" shall mean a person who is dedicated to the purpose of alleviating human suffering and assisting anyone who is in difficulty or who is injured or becomes suddenly ill by providing the proper and efficient care or emergency medical services. In addition, this person must belong to an organized rescue squad which is eligible for membership in the North Carolina Association of Rescue Squads, and Emergency Medical Services, Inc., and the person must have attended a minimum of 36 hours of training and meetings in the last calendar year. Each rescue squad belonging to the North Carolina Association of Rescue Squads, and Emergency Medical Services, Inc., must file a roster of those members meeting the above requirements with the State Treasurer on or about ~~January 1~~ January 31 of each year, and this roster must be certified to by the secretary of said association. In addition, the term "rescue squad worker" shall mean a member of an ambulance service certified by the Department of Health and Human Services pursuant to Article 7 of Chapter 131E of the General Statutes. The Department of Health and Human Services shall furnish a list of ambulance service members to the State Treasurer on or about ~~January 1~~ January 31 of each year. The term "Civil Air Patrol members" shall mean those senior members of the North Carolina Wing-Civil Air Patrol 18 years of age or older and currently certified pursuant to G.S. 143B-1031. The term "fireman" shall also mean county fire marshals when engaged in the performance of their county duties. The term "rescue squad worker" shall also mean county emergency services coordinators when engaged in the performance of their county duties."

SECTION 11. G.S. 128-26(x) reads as rewritten:

"(x) If a member who is in service and has not vested in this System on December 1, 2012, is convicted of an offense listed in G.S. ~~426-38.5~~ 128-38.4A for acts committed after December 1, 2012, then that member shall forfeit all benefits under this System, except for a return of member contributions plus interest. If a member who is in service and has vested in this System on December 1, 2012, is convicted of an offense listed in G.S. ~~426-38.5~~ 128-38.4A for acts committed after December 1, 2012, then that member is not entitled to any creditable service that accrued after December 1, 2012."

SECTION 12. Section 9 of this act becomes effective December 1, 2013, and applies to acts committed on or after that date. The remainder of this act becomes effective July 1, 2013.

In the General Assembly read three times and ratified this the 9th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:15 p.m. this 18th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-405
HOUSE BILL 359**

AN ACT TO MAKE CHANGES TO ADMINISTRATION OF THE STATE RETIREMENT SYSTEMS THAT WILL EXTEND THE TRANSFER BENEFIT OPTION TO PARTICIPANTS IN THE 403(B) SUPPLEMENTAL RETIREMENT PLAN, CLARIFY THE TIMING OF THE SOCIAL SECURITY OFFSET FOR LONG-TERM DISABILITY BENEFITS, ESTABLISH A 415(M) BENEFITS PRESERVATION ARRANGEMENT AS ALLOWED UNDER FEDERAL LAW, AND PROVIDE THAT DOMESTIC RELATIONS ORDERS DIVIDING INTERESTS UNDER THE RETIREMENT SYSTEM MUST BE SUBMITTED ON APPROVED FORMS, AND TO CORRECT AN OVERSIGHT IN THE DISABILITY INCOME PLAN, AND TO AMEND THE PROVISIONS FOR ALLOWANCE OF RETROACTIVE MEMBERSHIP SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System:

- (1) A plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan.
- (2) A plan described in section 403(b) of the Internal Revenue Code.
- (3) A plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.
- (4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be includible in gross income.
- (5) A tax-qualified plan described in section 401(a) or 403(a) of the Internal Revenue Code.

Notwithstanding anything to the contrary, a member may not transfer such amounts as will cause the member's retirement allowance under the System to exceed the amount allowable under G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be transferred if a transfer is elected. The member may elect a special retirement allowance with no postretirement increases or a special retirement allowance with annual postretirement increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any other allowance will not apply to the special retirement allowance. The Board of Trustees shall provide educational materials to the members who apply for the transfer



authorized by this section. Those materials shall describe the special retirement allowance and shall explain (i) the relationship between the transferred balance and the monthly benefit; and (ii) how the member's heirs may be impacted by the election to make this transfer and any costs and fees involved.

For the purpose of determining the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality and such other tables as may be necessary based upon actual experience. A single set of mortality and such other tables will be used for all members, with factors differing only based on the age of the member and the election of postretirement increases. The Board of Trustees shall modify the mortality and such other tables every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 135-6(n). Provided, however, a member who transfers the member's eligible accumulated contributions from ~~the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan~~ an eligible retirement plan pursuant to this subsection to this Retirement System shall be taxed for North Carolina State Income Tax purposes on the special retirement allowance the same as if that special retirement allowance had been paid directly by the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan eligible plan or the plan through which the transfer was made, whichever is most favorable to the member. The Teachers' and State Employees' Retirement System shall be responsible to determine the taxable amount, if any, and report accordingly.

The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a one-time flat administrative fee not to exceed the actual cost of the administrative expenses relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer of accumulated contributions authorized under this subsection. This provision shall not prohibit other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall fully disclose to any member participating in a transfer under this subsection any surrender charges or other fees, and such disclosure shall be made contemporaneous with the initiation of the transfer by the member.

The special retirement allowance shall continue for the life of the member and the beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as provided in G.S. 135-5(g), if any. The Board of Trustees, however, shall establish two payment options that guarantee payments as follows:

- (1) A member may elect to receive the special retirement allowance for life but with payments guaranteed for a number of months to be specified by the Board of Trustees. Under this plan, if the member dies before the expiration of the specified number of months, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary will receive the benefit only for the remainder of the specified number of months. If the member's designated beneficiary dies before receiving payments for the specified number of months, any remaining payments will be paid to the member's estate.
- (2) A member may elect to receive the special retirement allowance for life but is guaranteed that the sum of the special allowance payments will equal the total of the transferred amount. Under this payment option, if the member dies before receiving the total transferred amount, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary or the member's estate shall be paid any remaining balance of the transferred amount.

The Board of Trustees shall report annually to the Joint Legislative Commission on Governmental Operations on the number of persons who made an election in the previous calendar year, with any recommendations it might make on amendment or repeal based on any identified problems.

The General Assembly reserves the right to repeal or amend this subsection, but such repeal or amendment shall not affect any person who has already made the one-time election provided in this subsection."

312 **SECTION 2.** G.S. 135-106(b) reads as rewritten:

"(b) After the commencement of benefits under this section, the benefits payable under the terms of this section during the first 36 months of the long-term disability period shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by any primary Social Security disability benefits to which the beneficiary may be entitled, effective as of the first of the month following the month of initial entitlement, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. When primary Social Security disability benefits are increased by cost-of-living adjustments, the increased reduction shall be applied in the first month following the month in which the member becomes entitled to the increased Social Security benefit. The monthly benefit shall be further reduced by the amount of any monthly payments from the federal Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00) a month. However, a disabled participant may elect to receive any salary continuation as provided in G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the first 36 consecutive calendar months of the long-term disability period. An election to receive any salary continuation for any part of any given day shall be in lieu of any long-term benefit payable for that day, provided further, any lump-sum payout for vacation leave shall be treated as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term benefit otherwise payable. Provided that, in any event, a beneficiary's benefit shall be reduced during the first 36 months of the long-term disability period by an amount, as determined by the Board of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary might be entitled.

After 36 months of long-term disability, no further benefits are payable under the terms of this section unless the member has been approved and is in receipt of primary Social Security disability benefits. In that case the benefits payable shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by the primary Social Security disability benefits to which the beneficiary may be entitled, effective as of the first of the month following the month of initial entitlement, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. When primary Social Security disability benefits are increased by cost-of-living adjustments, the increased reduction shall be applied in the first month following the month in which the member becomes entitled to the increased Social Security benefit. The monthly benefit shall be further reduced by the amount of any monthly payments from the federal Department of Veterans Affairs, for payments from any other federal agency, or for any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00) a month.

Notwithstanding the foregoing, but subject to an additional integration with the five-year and 10-year retirement vesting provisions as set forth in this paragraph, the long-term disability benefit is payable so long as the beneficiary is disabled and is in receipt of a primary Social Security disability benefit until the earliest date at which the beneficiary who became a member prior to August 1, 2011, is eligible for an unreduced service retirement allowance from the Retirement System, at which time the beneficiary would receive a retirement allowance calculated on the basis of the beneficiary's average final compensation at the time of disability as adjusted to reflect compensation increases subsequent to the time of disability and the creditable service accumulated by the beneficiary, including creditable service while in receipt of benefits under the Plan. In the case of any long-term disability beneficiary who became a member on and after August 1, 2011, and ordinarily would not be eligible for a retirement benefit without 10 years of membership service, for purposes of this conversion from long-term disability to service retirement, and for that purpose only, noncontributory creditable service

granted while in receipt of disability benefits under this Article shall be deemed to be membership service, through the completion of 10 years of combined membership and noncontributory service on short-term and long-term disability benefits in total. In the event the beneficiary has not been approved and is not in receipt of a primary Social Security disability benefit, the long-term disability benefit shall cease after the first 36 months of the long-term disability period. When such a long-term disability recipient begins receiving this unreduced service retirement allowance from the System, that recipient shall not be subject to the six-month waiting period set forth in G.S. 135-1(20). However, a beneficiary shall be entitled to a restoration of the long-term disability benefit in the event the Social Security Administration grants a retroactive approval for primary Social Security disability benefits with a benefit effective date within the first 36 months of the long-term disability period. In such event, the long-term disability benefit shall be restored retroactively to the date of cessation."

SECTION 3.(a) Chapter 135 of the General Statutes is amended by adding a new Article to read:

"Article 7.

"Qualified Excess Benefit Arrangement.

"§ 135-150. Definitions.

The following words and phrases as used in this Article, unless a different meaning is plainly required by the context, have the following meanings:

- (1) "Board of Trustees" means the Board of Trustees established by G.S. 135-6.
- (2) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (3) "Payee" means a retired member, or the survivor beneficiary of a member or retired member.
- (4) "Qualified Excess Benefit Arrangement" means the qualified excess benefit arrangement under section 415(m) of the Internal Revenue Code established under this Article.
- (5) "Retirement System" means the Teachers' and State Employees' Retirement System.

"§ 135-151. Qualified Excess Benefit Arrangement.

(a) The Qualified Excess Benefit Arrangement (QEBA) is established effective January 1, 2014, and placed under the management of the Board of Trustees. The purpose of the QEBA is solely to provide the part of a retirement allowance or benefit that would otherwise have been payable by a Retirement System except for the limitations under section 415(b) of the Internal Revenue Code. The QEBA, as set forth in this Article, is intended to constitute a qualified governmental excess benefit arrangement under section 415(m) of the Internal Revenue Code.

(b) Eligibility to Participate in the QEBA. – Effective as of January 1, 2014, a payee shall participate in the QEBA for any calendar year, or portion of the calendar year, during which he or she receives a retirement allowance or benefit payment on and after January 1, 2014, from the Teachers' and State Employees' Retirement System that is reduced due to the application of the maximum benefit provisions of section 415(b) of the Internal Revenue Code. For purposes of the QEBA, a payee is a retired member or survivor beneficiary of a member or retired member who is receiving monthly retirement benefit payments from a Retirement System.

(c) Supplemental Benefit Payable Under the QEBA. – Effective January 1, 2014, a payee shall receive each month, commencing on and after January 1, 2014, a monthly supplemental benefit equal to the difference between the amount of that payee's monthly retirement benefit paid under the Teachers' and State Employees' Retirement System on and after January 1, 2014, and the amount that would have been payable to that payee from the Teachers' and State Employees' Retirement System in that month if not for the reduction due to the application of section 415(b) of the Internal Revenue Code. That supplemental benefit shall be computed and payable under the same terms, at the same time, and to the same person as the related benefit payable under the Retirement System. A payee cannot elect to defer the receipt of all or any part of the supplemental payments due under the QEBA. The supplemental benefit paid under this section shall be taxable under North Carolina law in the same manner as the benefit paid under the Teachers' and State Employees' Retirement System.

(d) Funding of the QEBA. – The QEBA shall be unfunded within the meaning of federal tax laws. No payee contributions or deferrals, direct or indirect, by election or otherwise shall be made or allowed. The Board of Trustees, upon the recommendation of the actuary

engaged by the Board of Trustees, shall determine the employer contributions required to pay the benefits due under the QEBA for each fiscal year. The required contributions shall be paid by all participating employers. The required contributions shall be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. The benefit liability for the QEBA shall be determined each fiscal year, and assets shall not be accumulated to pay benefits in future fiscal years.

(e) Treatment of Unused Assets. – Any assets of the QEBA plan not used to pay benefits in the current fiscal year shall be used for payment of the administrative expenses of the QEBA for the current or future fiscal years or shall be paid to the Retirement System as an additional employer contribution.

(f) Assets Subject to Claims of Creditors. – A payee, or a payee's beneficiary or heirs, shall have no right to, and shall have no property interest in, any assets held to support the liabilities created under this Article. To the extent that any person acquires the right to receive benefits under the QEBA, that right shall be no greater than the right of any unsecured general creditor of the State of North Carolina or such other applicable employer under this Article.

(g) Administration. – The QEBA shall be administered by the Board of Trustees, which shall compile and maintain all records necessary or appropriate for administration. The Board of Trustees shall have full discretionary authority to interpret, construe, and implement the QEBA and to adopt such rules and regulations as may be necessary or desirable to implement the provisions of the QEBA in accordance with section 415(m) of the Internal Revenue Code.

(h) No Assignment. – Except for the application of the provisions of G.S. 110-136 and G.S. 110-136.3, et seq., or in connection with a court-ordered equitable distribution under G.S. 50-20, any supplemental benefit under this Article shall be exempt from levy and sale, garnishment, attachment, or any other process, and shall be unassignable except as specifically otherwise provided in this Chapter.

(i) Reservation of Power to Change. – The General Assembly reserves the right at any time and, from time to time, to modify or amend, in whole or in part, any or all of the provisions of the QEBA. No member of the Retirement System and no beneficiary of such a member shall be deemed to have acquired any vested right to a supplemental payment under this Article.

(j) Sunset of Eligibility to Participate in the QEBA. – No member of the Teachers' and State Employees' Retirement System retiring on or after January 1, 2015, shall be eligible to participate in the QEBA, and the Retirement System shall not pay any new retiree more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue Code."

SECTION 3.(b) Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"§ 128-38.10. Qualified Excess Benefit Arrangement.

(a) The following words and phrases as used in this section, unless a different meaning is plainly required by the context, have the following meanings:

- (1) "Board of Trustees" means the Board of Trustees established by G.S. 128-28.
- (2) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time.
- (3) "Payee" means a retired member, or the survivor beneficiary of a member or retired member.
- (4) "Qualified Excess Benefit Arrangement" means the qualified excess benefit arrangement under section 415(m) of the Internal Revenue Code established under this Article.
- (5) "Retirement System" means the North Carolina Local Governmental Employees' Retirement System.

(b) The Qualified Excess Benefit Arrangement (QEBA) is established effective January 1, 2014, and placed under the management of the Board of Trustees. The purpose of the QEBA is solely to provide the part of a retirement allowance or benefit that would otherwise have been payable by the North Carolina Local Governmental Employees' Retirement System except for the limitations under section 415(b) of the Internal Revenue Code. The QEBA, as set forth in this section, is intended to constitute a qualified governmental excess benefit arrangement under section 415(m) of the Internal Revenue Code.

(c) Eligibility to Participate in the QEBA. – Effective as of January 1, 2014, a payee shall participate in the QEBA for any calendar year, or portion of the calendar year, during which he or she receives a retirement allowance or benefit payment on and after January 1, 2014, from the North Carolina Local Governmental Employees' Retirement System that is reduced due to the application of the maximum benefit provisions of section 415(b) of the Internal Revenue Code. For purposes of the QEBA, a payee is a retired member or survivor beneficiary of a member or retired member who is receiving monthly retirement benefit payments from a Retirement System.

(d) Supplemental Benefit Payable Under the QEBA. – Effective January 1, 2014, a payee shall receive each month, commencing on and after January 1, 2014, a monthly supplemental benefit equal to the difference between the amount of that payee's monthly retirement benefit paid under the North Carolina Local Governmental Employees' Retirement System on and after January 1, 2014, and the amount that would have been payable to that payee from the North Carolina Local Governmental Employees' Retirement System in that month if not for the reduction due to the application of section 415(b) of the Internal Revenue Code. That supplemental benefit shall be computed and payable under the same terms, at the same time, and to the same person as the related benefit payable under the Retirement System. A payee cannot elect to defer the receipt of all or any part of the supplemental payments due under the QEBA. The supplemental benefit paid under this section shall be taxable under North Carolina law in the same manner as the benefit paid under the North Carolina Local Governmental Employees' Retirement System.

(e) Funding of the QEBA. – The QEBA shall be unfunded within the meaning of federal tax laws. No payee contributions or deferrals, direct or indirect, by election or otherwise shall be made or allowed. The Board of Trustees, upon the recommendation of the actuary engaged by the Board of Trustees, shall determine the employer contributions required to pay the benefits due under the QEBA for each fiscal year. The required contributions shall be paid by all participating employers. The required contributions shall be deposited in a separate fund from the fund into which regular employer contributions are deposited for the underlying Retirement System. The benefit liability for the QEBA shall be determined each fiscal year and assets shall not be accumulated to pay benefits in future fiscal years.

(f) Treatment of Unused Assets. – Any assets of the QEBA plan not used to pay benefits in the current fiscal year shall be used for payment of the administrative expenses of the QEBA for the current or future fiscal years or shall be paid to the Retirement System as an additional employer contribution.

(g) Assets Subject to Claims of Creditors. – A payee, or a payee's beneficiary or heirs, shall have no right to, and shall have no property interest in, any assets held to support the liabilities created under this section. To the extent that any person acquires the right to receive benefits under the QEBA, that right shall be no greater than the right of any unsecured general creditor of the State of North Carolina or such other applicable employer under this section.

(h) Administration. – The QEBA shall be administered by the Board of Trustees, which shall compile and maintain all records necessary or appropriate for administration. The Board of Trustees shall have full discretionary authority to interpret, construe, and implement the QEBA and to adopt such rules and regulations as may be necessary or desirable to implement the provisions of the QEBA in accordance with section 415(m) of the Internal Revenue Code.

(i) No Assignment. – Except for the application of the provisions of G.S. 110-136 and G.S. 110-136.3, et seq., or in connection with a court-ordered equitable distribution under G.S. 50-20, any supplemental benefit under this section shall be exempt from levy and sale, garnishment, attachment, or any other process, and shall be unassignable except as specifically otherwise provided in this section.

(j) Reservation of Power to Change. – The General Assembly reserves the right at any time and, from time to time, to modify or amend, in whole or in part, any or all of the provisions of the QEBA. No member of the Retirement System and no beneficiary of such a member shall be deemed to have acquired any vested right to a supplemental payment under this section.

(k) Sunset of Eligibility to Participate in the QEBA. – No member of the North Carolina Local Governmental Employees' Retirement System retiring on or after January 1, 2015, shall be eligible to participate in the QEBA, and the Retirement System shall not pay any new retiree more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue Code."

SECTION 4.(a) G.S. 135-9 reads as rewritten:

"§ 135-9. Exemption from garnishment, attachment, etc.

Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, or annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Chapter, and the moneys in the various funds created by this Chapter, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Chapter specifically otherwise provided. Application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's Web site. Notwithstanding any provisions to the contrary, any overpayment of benefits to a member in a State-administered retirement system or the former Disability Salary Continuation Plan or the Disability Income Plan of North Carolina may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary."

SECTION 4.(b) G.S. 128-31 reads as rewritten:

"§ 128-31. Exemptions from execution.

Except for the applications of the provisions of G.S. 110-136, and G.S. 110-136.3 et seq., and in connection with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a pension, an annuity, or a retirement allowance, to the return of contributions, the pension, annuity or retirement allowance itself, any optional benefit or any other right accrued or accruing to any person under the provisions of this Article, and the moneys in the various funds created by this Article, are exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Article specifically otherwise provided. Application for System approval of a domestic relations order dividing a person's interest under the Retirement System shall be accompanied by an order consistent with the system-designed template order provided on the System's Web site. Notwithstanding any provisions to the contrary, any overpayment of benefits to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina may be offset against any retirement allowance, return of contributions or any other right accruing under this Chapter to the same person, the person's estate, or designated beneficiary."

SECTION 5. G.S. 135-3(8)d. reads as rewritten:

"d. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be restored to service as an employee or teacher, then the retirement allowance shall cease as of the first of the month following the month in which the beneficiary is restored to service and the beneficiary shall become a member of the Retirement System and shall contribute thereafter as allowed by law at the uniform contribution payable by all members.

Upon his subsequent retirement, he shall be paid a retirement allowance determined as follows:

1. For a member who earns at least three years' membership service after restoration to service, creditable service earned while in receipt of disability benefits under Article 6 of this Chapter shall count as membership service for this purpose only, and the retirement allowance shall be computed on the basis of his compensation and service before and after the period of prior retirement without restrictions; provided, that if the prior allowance was based on a social security leveling payment option, the allowance shall be adjusted actuarially for the difference between the amount received under the optional payment and what would have been paid if the retirement allowance had been paid without optional modification. In the alternative, the member may receive a refund of the member's accumulated contributions for the

- period of service after restoration to service in accordance with G.S. 135-5(f).
2. For a member who does not earn three years' membership service after restoration to service, the retirement allowance shall be equal to the sum of the retirement allowance to which he would have been entitled had he not been restored to service, without modification of the election of an optional allowance previously made, and the retirement allowance that results from service earned since being restored to service; provided, that if the prior retirement allowance was based on a social security leveling payment option, the prior allowance shall be adjusted actuarially for the difference between the amount that would have been paid for each month had the payment not been suspended and what would have been paid if the retirement allowance had been paid without optional modification. In the alternative, the member may receive a refund of the member's accumulated contributions for the period of service after restoration to service in accordance with G.S. 135-5(f), or the member may allow this new account to remain inactive."

SECTION 6.(a) G.S. 135-4(ff) reads as rewritten:

"(ff) Retroactive Membership Service. – A member who is reinstated to service as an employee as defined in G.S. 135-1(10) or as a teacher as defined in G.S. 135-1(25) retroactively to the date of prior involuntary termination ~~(with backpay and benefits)~~ with back pay, as defined by the State Personnel Commission, and associated benefits may be allowed membership service, after submitting clear and convincing evidence of the ~~reinstatement, reinstatement, payment of back pay, and restoration of associated benefits,~~ as follows:

- (1) When the reinstatement to service is by court order, final decision of an Administrative Law Judge, or decision of the State Personnel Commission, and is:
- a. Within 90 days of the involuntary termination, by the payment of employee and employer contributions that would have been paid; or
- ~~(2)~~b. After 90 days of the involuntary termination, by the payment of the employee and employer contributions that would have been paid plus interest compounded annually at a rate equal to the greater of the average yield on the pension accumulation fund for the preceding calendar year or the actuarial investment rate-of-return assumption, as adopted by the Board of Trustees.
- (2) When the reinstatement to service is by settlement agreement voluntarily entered into by the affected parties, by the payment of a lump-sum amount equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities, taking into account the retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed annual postretirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance.

Nothing contained in this subsection shall prevent an employer or member from paying all or a part of the cost of the retroactive membership service; and to the extent paid by the employer, the cost paid by the employer shall be credited to the pension accumulation fund; and to the extent paid by the member, the cost paid by the member shall be credited to the member's annuity savings account; provided, however, an employer does not discriminate

against any member or group of members in his employ in paying all or any part of the cost of the retroactive membership service.

In the event a member received a return of accumulated contributions subsequent to an involuntary termination as provided in G.S. 135-5(f), the member may redeposit, within 90 days of reinstatement retroactive to the date of prior involuntary termination, in the annuity savings fund by single payment an amount equal to the total amount he previously withdrew plus regular interest and restore the creditable service forfeited upon receiving his return of accumulated contributions."

SECTION 6.(b) G.S. 128-26(v) reads as rewritten:

"(v) Retroactive Membership Service. – A member who is reinstated to service as an employee as defined in G.S. 128-21(10) retroactively to the date of prior involuntary termination ~~(with backpay and benefits)~~ with back pay and associated benefits may be allowed membership service, after submitting clear and convincing evidence of the reinstatement, payment of back pay, and restoration of associated benefits, as follows:

(1) When the reinstatement to service is by court order and is:

- a. Within 90 days of the involuntary termination, by the payment of employee and employer contributions that would have been paid; or
- ~~(2)~~b. After 90 days of the involuntary termination, by the payment of the employee and employer contributions that would have been paid plus interest compounded annually at a rate equal to the greater of the average yield on the pension accumulation fund for the preceding calendar year or the actuarial investment rate-of-return assumption, as adopted by the Board of Trustees.

(2) When the reinstatement to service is by settlement agreement voluntarily entered into by the affected parties, by the payment of a lump-sum amount equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities, taking into account the retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire on an unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the Board of Trustees. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost," "full liability," and "full actuarial cost" include assumed annual postretirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance.

Nothing contained in this subsection shall prevent an employer or member from paying all or a part of the cost of the retroactive membership service; and to the extent paid by the employer, the cost paid by the employer shall be credited to the pension accumulation fund; and to the extent paid by the member, the cost paid by the member shall be credited to the member's annuity savings account; provided, however, an employer does not discriminate against any member or group of members in his employ in paying all or any part of the cost of the retroactive membership service.

In the event a member received a return of accumulated contributions subsequent to an involuntary termination as provided in G.S. 128-27(f), the member may redeposit, within 90 days of reinstatement retroactive to the date of prior involuntary termination, in the annuity savings fund by single payment, an amount equal to the total amount he previously withdrew plus regular interest and restore the creditable service forfeited upon receiving his return of accumulated contributions."

SECTION 7. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 8. Section 3 of this act becomes effective January 1, 2014. Section 5 of this act becomes effective January 1, 2012, and applies to persons retiring on or after that date. Section 4 of this act becomes effective September 1, 2013. The remainder of this act becomes effective July 1, 2013.

In the General Assembly read three times and ratified this the 24th day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:50 a.m. this 23rd day of August, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-188
HOUSE BILL 390**

**AN ACT MAKING VARIOUS CHANGES TO THE LAWS RELATING TO STATE
INFORMATION TECHNOLOGY GOVERNANCE.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-135.9(a)(3) is repealed.

SECTION 2. G.S. 147-33.72C(e) reads as rewritten:

"(e) Performance Contracting. – All contracts between a State agency and a private party for information technology projects shall include provisions for vendor performance review and accountability. The State CIO may require that these contract provisions require a performance bond, include monetary ~~penalties~~ or require other performance assurance measures for projects that are not completed or performed within the specified time period or that involve costs in excess of those specified in the contract. The State CIO may ~~require contract provisions requiring a vendor to provide a performance bond~~ utilize cost-savings realized on government-vendor partnerships, as defined in G.S. 143-135.9, as performance incentives for an information technology project vendor."

SECTION 3. G.S. 147-33.91(a) reads as rewritten:

"(a) With respect to State agencies, the State Chief Information Officer shall exercise general coordinating authority for all telecommunications matters relating to the internal management and operations of those agencies. In discharging that responsibility, the State Chief Information Officer, in cooperation with affected State agency heads, may:

- (1) Provide for the establishment, management, and operation, through either State ownership, contract, or commercial leasing, of the following systems and services as they affect the internal management and operation of State agencies:
 - a. Central telephone systems and telephone networks.
 - b. Repealed by Session Laws 2004-129, s. 23, effective July 1, 2004.
 - c. Repealed by Session Laws 2004-129, s. 23, effective July 1, 2004.
 - d. Satellite services.
 - e. Closed-circuit TV systems.
 - f. Two-way radio systems.
 - g. Microwave systems.
 - h. Related systems based on telecommunication technologies.
 - i. The "State Network", managed by the Office, which means any connectivity designed for the purpose of providing Internet Protocol transport of information to any building.
- (2) Coordinate the development of cost-sharing systems for respective user agencies for their proportionate parts of the cost of maintenance and operation of the systems and services listed in subdivision (1) of this subsection.
- (3) Assist in the development of coordinated telecommunications services or systems within and among all State agencies and recommend, where appropriate, cooperative utilization of telecommunication facilities by aggregating users.
- (4) Perform traffic analysis and engineering for all telecommunications services and systems listed in subdivision (1) of this subsection.



- (5) ~~Pursuant to G.S. 143-49, establish~~ Establish telecommunications specifications and designs so as to promote and support compatibility of the systems within State agencies.
- (6) ~~Pursuant to G.S. 143-49 and G.S. 143-50, coordinate~~ Coordinate the review of requests by State agencies for the procurement of telecommunications systems or services.
- (7) ~~Pursuant to G.S. 143-341 and Chapter 146 of the General Statutes, coordinate~~ Coordinate the review of requests by State agencies for State government property acquisition, disposition, or construction for telecommunications systems requirements.
- (8) Provide a periodic inventory of telecommunications costs, facilities, systems, and personnel within State agencies.
- (9) Promote, coordinate, and assist in the design and engineering of emergency telecommunications systems, including, but not limited to, the 911 emergency telephone number program, Emergency Medical Services, and other emergency telecommunications services.
- (10) Perform frequency coordination and management for State agencies and local governments, including all public safety radio service frequencies, in accordance with the rules and regulations of the Federal Communications Commission or any successor federal agency.
- (11) Advise all State agencies on telecommunications management planning and related matters and provide through the State Personnel Training Center or the Office of Information Technology Services training to users within State agencies in telecommunications technology and systems.
- (12) Assist and coordinate the development of policies and long-range plans, consistent with the protection of citizens' rights to privacy and access to information, for the acquisition and use of telecommunications systems, and base such policies and plans on current information about State telecommunications activities in relation to the full range of emerging technologies.
- (13) ~~Work cooperatively with the North Carolina Agency for Public Telecommunications in furthering the purpose of this section."~~

SECTION 4. G.S. 147-33.92(b) reads as rewritten:

"(b) The State Chief Information Officer shall establish ~~switched~~ broadband telecommunications services and permit, in addition to State agencies, cities, counties, and other local government entities, the following organizations and entities to share on a not-for-profit basis:

- (1) Nonprofit educational institutions.
- (2) ~~MCNC.~~
- (3) ~~Research~~ MCNC and research affiliates of MCNC for use only in connection with research activities sponsored or funded, in whole or in part, by MCNC, if such research activities relate to health care or education in North Carolina.
- (4) Agencies of the United States government operating in North Carolina for use only in connection with activities that relate to health care or education in North Carolina.
- (5) Hospitals, clinics, and other health care facilities for use only in connection with activities that relate to health care or education in North Carolina.

Provided, however, that sharing of the ~~switched~~ broadband telecommunications services by State agencies with entities or organizations in the categories set forth in this subsection shall not cause the State, the Office of Information Technology Services, or the MCNC to be classified as a public utility as that term is defined in G.S. 62-3(23) a.6. Nor shall the State, the Office of Information Technology Services, or the MCNC engage in any activities that may cause those entities to be classified as a common carrier as that term is defined in the Communications Act of 1934, 47 U.S.C. § 153(10). Provided further, authority to share the ~~switched~~ broadband telecommunications services with the non-State agencies set forth in subdivisions (1) through (5) of this subsection shall terminate one year from the effective date of a tariff that makes the broadband services available to any customer."

"§ 147-33.111. State CIO approval of security standards and security assessments.

(a) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as otherwise provided by this section, all information technology security purchased using State funds, or for use by a State agency or in a State facility, shall be subject to approval by the State Chief Information Officer in accordance with security standards adopted under this Article.

(a1) The State Chief Information Officer shall conduct assessments of information system security, network vulnerability, including network penetration or any similar procedure. The State Chief Information Officer may contract with another party or parties to perform the assessments. Detailed reports of the security issues identified shall be kept confidential as provided in G.S. 132-6.1(c).

(b) If the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units as defined by G.S. 115C-5, or the North Carolina Community Colleges System develop their own security standards, taking into consideration the mission and functions of that entity, that are comparable to or exceed those set by the State Chief Information Officer under this section, then these entities may elect to be governed by their own respective security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. The State Chief Information Officer shall consult with the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units, and the North Carolina Community Colleges System in reviewing the security standards adopted by those entities.

(c) Before a State agency may enter into any contract with another party for an assessment of information system security or network vulnerability, the State agency shall notify the State Chief Information Officer and obtain approval of the request. If the State agency enters into a contract with another party for assessment and testing, after approval of the State Chief Information Officer, the State agency shall issue public reports on the general results of the reviews. The contractor shall provide the State agency with detailed reports of the security issues identified that shall not be disclosed as provided in G.S. 132-6.1(c). The State agency shall provide the State Chief Information Officer with copies of the detailed reports that shall not be disclosed as provided in G.S. 132-6.1(c).

(d) Nothing in this section shall be construed to preclude the Office of the State Auditor from assessing the security practices of State information technology systems as part of that Office's duties and responsibilities."

SECTION 6. G.S. 147-33.112 reads as rewritten:

"§ 147-33.112. Assessment of agency compliance with security standards.

The State Chief Information Officer shall assess periodically the ability of each agency and each agency's contracted vendors to comply with the current security enterprise-wide set of standards established pursuant to this section. The assessment shall include, at a minimum, the rate of compliance with the enterprise-wide security standards ~~in each agency~~ and an assessment of ~~each agency's~~ security organization, security practices, security industry standards, network security architecture, and current expenditures of State funds for information technology security. The assessment of an agency shall also estimate the cost to implement the security measures needed for agencies to fully comply with the standards. Each agency subject to the standards shall submit information required by the State Chief Information Officer for purposes of this assessment. The State Chief Information Officer shall include the information obtained from the assessment in the State Information Technology Plan required under G.S. 147-33.72B."

SECTION 7. G.S. 150B-2(8a) reads as rewritten:

"§ 150B-2. Definitions.

As used in this Chapter,

...
(8a) "Rule" means any agency regulation, standard, or statement of general applicability that implements or interprets an enactment of the General Assembly or Congress or a regulation adopted by a federal agency or that describes the procedure or practice requirements of an agency. The term includes the establishment of a fee and the amendment or repeal of a prior rule. The term does not include the following:

a. Statements concerning only the internal management of an agency or group of agencies within the same principal office or department

- enumerated in G.S. 143A-11 or 143B-6, including policies and procedures manuals, if the statement does not directly or substantially affect the procedural or substantive rights or duties of a person not employed by the agency or group of agencies.
- b. Budgets and budget policies and procedures issued by the Director of the Budget, by the head of a department, as defined by G.S. 143A-2 or G.S. 143B-3, by an occupational licensing board, as defined by G.S. 93B-1, or by the State Board of Elections.
 - c. Nonbinding interpretative statements within the delegated authority of an agency that merely define, interpret, or explain the meaning of a statute or rule.
 - d. A form, the contents or substantive requirements of which are prescribed by rule or statute.
 - e. Statements of agency policy made in the context of another proceeding, including:
 - 1. Declaratory rulings under G.S. 150B-4.
 - 2. Orders establishing or fixing rates or tariffs.
 - f. Requirements, communicated to the public by the use of signs or symbols, concerning the use of public roads, bridges, ferries, buildings, or facilities.
 - g. Statements that set forth criteria or guidelines to be used by the staff of an agency in performing audits, investigations, or inspections; in settling financial disputes or negotiating financial arrangements; or in the defense, prosecution, or settlement of cases.
 - h. Scientific, architectural, or engineering standards, forms, or procedures, including design criteria and construction standards used to construct or maintain highways, bridges, or ferries.
 - i. Job classification standards, job qualifications, and salaries established for positions under the jurisdiction of the State Personnel Commission.
 - j. Establishment of the interest rate that applies to tax assessments under G.S. 105-241.21 and the variable component of the excise tax on motor fuel under G.S. 105-449.80.
 - k. The State Medical Facilities Plan, if the Plan has been prepared with public notice and hearing as provided in G.S. 131E-176(25), reviewed by the Commission for compliance with G.S. 131E-176(25), and approved by the Governor.
 - l. Standards adopted by the Office of Information Technology Services applied to information technology as defined by G.S. 147-33.81."

SECTION 8. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of June,

2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:20 p.m. this 26th day of June, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-292
HOUSE BILL 402**

AN ACT TO REQUIRE A TRICARE SUPPLEMENT TO BE OFFERED IF A PLAN OF FLEXIBLE COMPENSATION IS OFFERED BY THE STATE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-341.1 reads as rewritten:

"§ 115C-341.1. Flexible Compensation Plan.

Notwithstanding any other provisions of law relating to the salaries of employees of local boards of education, the State Board of Education is authorized to provide a plan of flexible compensation to eligible employees of local school administrative units for benefits available under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This plan shall not include those benefits provided to employees under Articles 1, ~~3,3B~~, and 6 of Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any other leave that may be carried forward from year to year by employees as a form of deferred compensation. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the State Board may authorize local school administrative units to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. Should the State Board decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process."

SECTION 2. G.S. 115D-25.2 reads as rewritten:

"§ 115D-25.2. Flexible Compensation Plan.

Notwithstanding any other provisions of law relating to the salaries of employees of community college boards of trustees, the State Board of Community Colleges is authorized to provide a plan of flexible compensation to eligible employees of constituent institutions for benefits available under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This plan shall not include those benefits provided to employees under Articles 1, ~~3,3B~~, and 6 of Chapter 135 of the General Statutes nor any vacation leave, sick leave, or any other leave that may be carried forward from year to year by employees as a form of deferred compensation. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the State Board may authorize constituent institutions to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the State Board decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process."

SECTION 3. G.S. 116-17.2 reads as rewritten:

"§ 116-17.2. Flexible Compensation Plan.

Notwithstanding any other provisions of law relating to the salaries of employees of The University of North Carolina, the Board of Governors of The University of North Carolina is authorized to provide a plan of flexible compensation to eligible employees of constituent institutions for benefits available under Section 125 and related sections of the Internal Revenue Code of 1986 as amended. This plan shall not include those benefits provided to employees under Articles 1, ~~3,3B~~, and 6 of Chapter 135 of the General Statutes nor any



vacation leave, sick leave, or any other leave that may be carried forward from year to year by employees as a form of deferred compensation. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the Board of Governors may authorize constituent institutions to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Board of Governors decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process."

SECTION 4. G.S. 126-95(b) reads as rewritten:

"(b) Notwithstanding any other provisions of law relating to the salaries of officers and employees of departments, institutions, and agencies of State government, the Director of the Budget may provide a plan of flexible compensation to eligible officers and employees of State departments, institutions, and agencies not covered by the provisions of G.S. 116-17.2 for benefits available under section 125 and related sections of the Internal Revenue Code of 1986, as amended. This plan shall not replace, substitute for, or duplicate any benefits provided to employees and officers under Article 1A of Chapter 120 of the General Statutes and Articles 1, ~~3, 3B~~, 4, and 6 of Chapter 135 of the General Statutes. The plan may, however, include offerings for products and benefits that are supplemental or additional to these statutory benefits. If a plan of flexible compensation is offered, then a TRICARE supplement shall be offered. In providing a plan of flexible compensation, the Director of the Budget may authorize State departments, institutions, and agencies to enter into agreements with their employees for reductions in the salaries of employees electing to participate in the plan of flexible compensation provided by this section. With the approval of the Director of the Budget, savings in the employer's share of contributions under the Federal Insurance Contributions Act on account of the reduction in salary may be used to pay some or all of the administrative expenses of the program. Should the Director of the Budget decide to contract with a third party to administer the terms and conditions of a plan of flexible compensation as provided by this section, it may select such a contractor only upon a thorough and completely advertised competitive procurement process."

SECTION 5. State entities shall use a competitive bid process to award contracts to third-party providers for TRICARE supplement options. The NC Flex plan administered by the Office of State Personnel shall offer a TRICARE supplement no later than January 1, 2015.

SECTION 6. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:16 p.m. this 18th day of July, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-293
HOUSE BILL 428

AN ACT TO PROVIDE THAT THE PUNISHMENT FOR PASSING A STOPPED SCHOOL BUS IN VIOLATION OF G.S. 20-217 SHALL INCLUDE A FINE IN ALL CIRCUMSTANCES, A REVOCATION OF THE PERSON'S DRIVERS LICENSE IN CERTAIN CIRCUMSTANCES, AND DISQUALIFICATION OF THE PERSON'S COMMERCIAL DRIVING PRIVILEGES IN CERTAIN CIRCUMSTANCES; TO PROVIDE THAT THE DIVISION OF MOTOR VEHICLES SHALL WITHHOLD THE REGISTRATION RENEWAL OF A PERSON WHO FAILS TO PAY ANY FINE IMPOSED PURSUANT TO G.S. 20-217; AND TO ENCOURAGE LOCAL BOARDS OF EDUCATION TO USE THE PROCEEDS OF ANY FINES COLLECTED FOR VIOLATIONS OF G.S. 20-217 TO PURCHASE AUTOMATED CAMERA AND VIDEO RECORDING SYSTEMS TO INSTALL ON SCHOOL BUSES.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as "The Hasani N. Wesley Students' School Bus Safety Act."

SECTION 2. G.S. 20-217 reads as rewritten:

"§ 20-217. Motor vehicles to stop for properly marked and designated school buses in certain instances; evidence of identity of driver.

(a) When a school bus is displaying its mechanical stop signal or flashing red lights and the bus is stopped for the purpose of receiving or discharging passengers, the driver of any other vehicle that approaches the school bus from any direction on the same street, highway, or public vehicular area shall bring that other vehicle to a full stop and shall remain stopped. The driver of the other vehicle shall not proceed to move, pass, or attempt to pass the school bus until after the mechanical stop signal has been withdrawn, the flashing red stoplights have been turned off, and the bus has started to move.

(b) For the purpose of this section, a school bus includes a public school bus transporting children or school personnel, a public school bus transporting senior citizens under G.S. 115C-243, or a privately owned bus transporting children. This section applies only in the event the school bus bears upon the front and rear a plainly visible sign containing the words "school bus."

(c) Notwithstanding subsection (a) of this section, the driver of a vehicle traveling in the opposite direction from the school bus, upon any road, highway or city street that has been divided into two roadways, so constructed as to separate vehicular traffic between the two roadways by an intervening space (including a center lane for left turns if the roadway consists of at least four more lanes) or by a physical barrier, need not stop upon meeting and passing any school bus that has stopped in the roadway across the dividing space or physical barrier.

(d) It shall be unlawful for any school bus driver to stop and receive or discharge passengers or for any principal or superintendent of any school, routing a school bus, to authorize the driver of any school bus to stop and receive or discharge passengers upon any roadway described by subsection (c) of this section where passengers would be required to cross the roadway to reach their destination or to board the bus; provided, that passengers may be discharged or received at points where pedestrians and vehicular traffic are controlled by adequate stop-and-go traffic signals.

(e) Except as provided in subsection (g) of this section, any person violating this section shall be guilty of a Class 1 ~~misdemeanor~~ misdemeanor and shall pay a minimum fine of five hundred dollars (\$500.00). A person who violates subsection (a) of this section shall not receive a prayer for judgment continued under any circumstances.



(f) Expired.

(g) Any person who willfully violates subsection (a) of this section and strikes any person shall be guilty of a Class I ~~felony~~-felony and shall pay a minimum fine of one thousand two hundred fifty dollars (\$1,250). Any person who willfully violates subsection (a) of this section and strikes any person, resulting in the death of that person, shall be guilty of a Class H ~~felony~~-felony and shall pay a minimum fine of two thousand five hundred dollars (\$2,500).

(g1) The Division shall revoke, for a period of one year, the drivers license of a person convicted of a second misdemeanor violation under this section within a three-year period. The Division shall revoke, for a period of two years, the drivers license of a person convicted of a Class I felony violation under this section. The Division shall revoke, for a period of three years, the drivers license of a person convicted of a Class H felony violation under this section. The Division shall permanently revoke the drivers license of (i) a person convicted of a second felony violation under this section within any period of time and (ii) a person convicted of a third misdemeanor violation under this section within any period of time.

In the case of a first felony conviction under this section, the licensee may apply to the sentencing court for a limited driving privilege after a period of six months of revocation, provided the person's drivers license has not also been revoked or suspended under any other provision of law. A limited driving privilege issued under this subsection shall be valid for the period of revocation remaining in the same manner and under the terms and conditions prescribed in G.S. 20-16.1(b). If the person's drivers license is revoked or suspended under any other statute, the limited driving privilege issued pursuant to this subsection is invalid.

In the case of a permanent revocation of a person's drivers license for committing a third misdemeanor violation under this section within any period of time, the person may apply for a drivers license after two years. The Division may, with or without a hearing, issue a new drivers license upon satisfactory proof that the former licensee has not been convicted of a moving violation under this Chapter or the laws of another state. The Division may impose any restrictions or conditions on the new drivers license that the Division considers appropriate. Any conditions or restrictions imposed by the Division shall not exceed two years.

In the case of a permanent revocation of a person's drivers license for committing a second Class I felony violation under this section within any period of time, the person may apply for a drivers license after three years. The Division may, with or without a hearing, issue a new drivers license upon satisfactory proof that the former licensee has not been convicted of a moving violation under this Chapter or the laws of another state. The Division may impose any restrictions or conditions on the new drivers license that the Division considers appropriate. Any conditions or restrictions imposed by the Division shall not exceed three years.

Any person whose drivers license is revoked under this section is disqualified pursuant to G.S. 20-17.4 from driving a commercial motor vehicle for the period of time in which the person's drivers license remains revoked under this section.

(g2) Pursuant to G.S. 20-54, failure of a person to pay any fine or costs imposed pursuant to this section shall result in the Division withholding the registration renewal of a motor vehicle registered in that person's name. The clerk of superior court in the county in which the case was disposed shall notify the Division of any person who fails to pay a fine or costs imposed pursuant to this section within 20 days of the date specified in the court's judgment, as required by G.S. 20-24.2(a)(2). The Division shall continue to withhold the registration renewal of a motor vehicle until the clerk of superior court notifies the Division that the person has satisfied the conditions of G.S. 20-24.1(b) applicable to the person's case. The provisions of this subsection shall be in addition to any other actions the Division may take to enforce the payment of any fine imposed pursuant to this section.

(h) Automated camera and video recording systems may be used to detect and prosecute violations of this section. Any photograph or video recorded by a camera or video recording system shall, if consistent with the North Carolina Rules of Evidence, be admissible as evidence in any proceeding alleging a violation of subsection (a) of this section."

SECTION 3. G.S. 20-17.4 is amended by adding a new subsection to read:

"§ 20-17.4. Disqualification to drive a commercial motor vehicle.

...

(o) Disqualification for Passing Stopped School Bus. – Any person whose drivers license is revoked under G.S. 20-217 is disqualified from driving a commercial motor vehicle for the period of time in which the person's drivers license remains revoked under G.S. 20-217."

SECTION 4. G.S. 20-54 is amended by adding a new subdivision to read:
"§ 20-54. Authority for refusing registration or certificate of title.

The Division shall refuse registration or issuance of a certificate of title or any transfer of registration upon any of the following grounds:

...
(11) The Division has been notified pursuant to G.S. 20-217(g2) that the owner of the vehicle has failed to pay any fine imposed pursuant to G.S. 20-217."

SECTION 5. The General Assembly encourages local boards of education to use the proceeds of any fines collected for violations of G.S. 20-217 to purchase automated camera and video recording systems to install on school buses to help detect and prosecute violators of that section.

SECTION 6. This act becomes effective December 1, 2013, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:16 p.m. this 18th day of July, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-326
HOUSE BILL 510

AN ACT TO PROVIDE FOR THE FOSTER CHILDREN'S BILL OF RIGHTS UNDER THE
LAWS PERTAINING TO CONTROL OVER CHILD PLACING AND CHILD CARE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 131D-10.1 reads as rewritten:

"§ 131D-10.1. ~~Purpose.~~Foster Care Children's Bill of Rights; purpose.

(a) It is the policy of this State to strengthen and preserve the family as a unit consistent with a high priority of protecting children's welfare. When a child requires care outside the family unit, it is the duty of the State to assure that the quality of substitute care is as close as possible to the care and nurturing that society expects of a family. However, the State recognizes there are instances when protecting a child's welfare outweighs reunifying the family unit, and as such, the care of residential care facilities providing high quality services that include meeting the children's educational needs as determined by the Department of Health and Human Services, Division of Social Services can satisfy the standard of protecting a child's welfare, regardless of the child's age, particularly when the sibling groups can be kept intact. To that end, the General Assembly promotes the following in the provision of foster care:

- (1) A safe foster home free of violence, abuse, neglect, and danger.
- (2) First priority regarding placement in a home with siblings.
- (3) The ability to communicate with the assigned social worker or case worker overseeing the child's case and have calls made to the social worker or case worker returned within a reasonable period of time.
- (4) Allowing the child to remain enrolled in the school the child attended before being placed in foster care, if at all possible.
- (5) Having a social worker, when a child is removed from the home, to immediately begin conducting an investigation to identify and locate all grandparents, adult siblings, and other adult relatives of the child to provide those persons with specific information and explanation of various options to participate in placement of a child.
- (6) Participation in school extracurricular activities, community events, and religious practices.
- (7) Communication with the biological parents if the child placed in foster care receives any immunizations and whether any additional immunizations are needed if the child will be transitioning back into a home with his or her biological parents.
- (8) Establishing and having access to a bank or savings account in accordance with State laws and federal regulations.
- (9) Obtaining identification and permanent documents, including a birth certificate, social security card, and health records by the age of 16, to the extent allowed by federal and State law.
- (10) The use of appropriate communication measures to maintain contact with siblings if the child placed in foster care is separated from his or her siblings.
- (11) Meaningful participation in a transition plan for those phasing out of foster care, including participation in family team, treatment team, court, and school meetings.



A violation of subdivisions (1) through (11) of this subsection shall not be construed to create a cause of action under this section against the State, the Department of Health and Human Services, or a person or entity providing foster care pursuant to this Article.

(b) The purpose of this Article is to assign the authority to protect the health, safety and well-being of children separated from or being cared for away from their families."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:25 p.m. this 23rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-208
HOUSE BILL 587**

**AN ACT TO REQUIRE AN ALTERNATE ACT AND PLAN PRECURSOR TEST FOR
CERTAIN STUDENTS.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-174.11(c)(4) reads as rewritten:

- "(4) To the extent funds are made available, the State Board of Education shall plan for and require the administration of the ACT test for all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by the State Board. The State Board of Education shall require the administration of an alternate to the ACT or an alternate to the PLAN precursor test to the ACT to a student who (i) exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in G.S. 115C-81, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.
- (a) The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the ACT and the PLAN precursor test to the ACT.
- (b) Alternate assessment and ACT assessment results of students with disabilities shall be included in school accountability reports, including charter and regional schools, provided by the State Board of Education."

SECTION 2. G.S. 115C-174.22 reads as rewritten:

"§ 115C-174.22. Tools for student learning.

To the extent funds are made available for this purpose, and except as otherwise provided in G.S. 115C-174.11(c)(4), the State Board shall plan for and require the administration of diagnostic tests in the eighth and tenth grades that align to the ACT test in order to help diagnose student learning and provide for students an indication of whether they are on track to be remediation-free at a community college or university."

SECTION 3. The State Board of Education shall develop an alternate assessment to measure career and college readiness for students who are not required to take the ACT or PLAN under this act. Pilot testing for the alternate ACT assessment shall occur simultaneously with the ACT administration during the 2013-2014 school year. Pilot testing for the alternate PLAN assessment shall occur simultaneously with the PLAN administration during the 2014-2015 school year. Students who participate in the pilot testing shall not be administered the ACT or PLAN, and where possible, results from the ACT pilot will be included in the accountability reports.



SECTION 4. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 18th day of June,
2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:36 p.m. this 26th day of June, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-381
HOUSE BILL 589

AN ACT TO RESTORE CONFIDENCE IN GOVERNMENT BY ESTABLISHING THE VOTER INFORMATION VERIFICATION ACT TO PROMOTE THE ELECTORAL PROCESS THROUGH EDUCATION AND INCREASED REGISTRATION OF VOTERS AND BY REQUIRING VOTERS TO PROVIDE PHOTO IDENTIFICATION BEFORE VOTING TO PROTECT THE RIGHT OF EACH REGISTERED VOTER TO CAST A SECURE VOTE WITH REASONABLE SECURITY MEASURES THAT CONFIRM VOTER IDENTITY AS ACCURATELY AS POSSIBLE WITHOUT RESTRICTION, AND TO FURTHER REFORM THE ELECTION LAWS.

The General Assembly of North Carolina enacts:

PART 1. SHORT TITLE

SECTION 1.1. Parts 1 through 6 of this act shall be known and cited as the Voter Information Verification Act.

PART 2. PHOTO IDENTIFICATION

SECTION 2.1. Article 14A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-166.13. Photo identification requirement for voting in person.

(a) Every qualified voter voting in person in accordance with this Article, G.S. 163-227.2, or G.S. 163-182.1A shall present photo identification bearing any reasonable resemblance to that voter to a local election official at the voting place before voting, except as follows:

- (1) For a registered voter voting curbside, that voter shall present identification under G.S. 163-166.9.
- (2) For a registered voter who has a sincerely held religious objection to being photographed and has filed a declaration in accordance with G.S. 163-82.7A at least 25 days before the election in which that voter is voting in person, that voter shall not be required to provide photo identification.
- (3) For a registered voter who is a victim of a natural disaster occurring within 60 days before election day that resulted in a disaster declaration by the President of the United States or the Governor of this State who declares the lack of photo identification due to the natural disaster on a form provided by the State Board, that voter shall not be required to provide photo identification in any county subject to such declaration. The form shall be available from the State Board of Elections, from each county board of elections in a county subject to the disaster declaration, and at each polling place and one-stop early voting site in that county. The voter shall submit the completed form at the time of voting.

(b) Any voter who complies with subsection (a) of this section shall be permitted to vote.

(c) Any voter who does not comply with subsection (a) of this section shall be permitted to vote a provisional official ballot which shall be counted in accordance with G.S. 163-182.1A.

(d) The local election official to whom the photo identification is presented shall determine if the photo identification bears any reasonable resemblance to the voter presenting the photo identification. If it is determined that the photo identification does not bear any



reasonable resemblance to the voter, the local election official shall comply with G.S. 163-166.14.

(e) As used in this section, "photo identification" means any one of the following that contains a photograph of the registered voter. In addition, the photo identification shall have a printed expiration date and shall be unexpired, provided that any voter having attained the age of 70 years at the time of presentation at the voting place shall be permitted to present an expired form of any of the following that was unexpired on the voter's 70th birthday. Notwithstanding the previous sentence, in the case of identification under subdivisions (4) through (6) of this subsection, if it does not contain a printed expiration date, it shall be acceptable if it has a printed issuance date that is not more than eight years before it is presented for voting:

- (1) A North Carolina drivers license issued under Article 2 of Chapter 20 of the General Statutes, including a learner's permit or a provisional license.
- (2) A special identification card for nonoperators issued under G.S. 20-37.7.
- (3) A United States passport.
- (4) A United States military identification card, except there is no requirement that it have a printed expiration or issuance date.
- (5) A Veterans Identification Card issued by the United States Department of Veterans Affairs for use at Veterans Administration medical facilities facilities, except there is no requirement that it have a printed expiration or issuance date.
- (6) A tribal enrollment card issued by a federally recognized tribe.
- (7) A tribal enrollment card issued by a tribe recognized by this State under Chapter 71A of the General Statutes, provided that card meets all of the following criteria:
 - a. Is issued in accordance with a process approved by the State Board of Elections that requires an application and proof of identity equivalent to the requirements for issuance of a special identification card by the Division of Motor Vehicles under G.S. 20-7 and G.S. 20-37.7.
 - b. Is signed by an elected official of the tribe.
- (8) A drivers license or nonoperators identification card issued by another state, the District of Columbia, or a territory or commonwealth of the United States, but only if the voter's voter registration was within 90 days of the election."

SECTION 2.2. Article 14A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-166.14. Evaluation of determination of nonreasonable resemblance of photo identification.

(a) Any local election official that determines the photo identification presented by a voter in accordance with G.S. 163-166.13 does not bear any reasonable resemblance to that voter shall notify the judges of election of the determination.

(b) When notified under subsection (a) of this section, the judges of election present shall review the photo identification presented and the voter to determine if the photo identification bears any reasonable resemblance to that voter. The judges of election present may consider information presented by the voter in addition to the photo identification and shall construe all evidence presented in a light most favorable to the voter.

(c) A voter subject to subsections (a) and (b) of this section shall be permitted to vote unless the judges of election present unanimously agree that the photo identification presented does not bear any reasonable resemblance to that voter. The failure of the judges of election present to unanimously agree that photo identification presented by a voter does not bear any reasonable resemblance to that voter shall be dispositive of any challenges that may otherwise be made under G.S. 163-85(c)(10).

(d) A voter subject to subsections (a) and (b) of this section shall be permitted to vote a provisional ballot in accordance with G.S. 163-88.1 if the judges of election present unanimously agree that the photo identification presented does not bear any reasonable resemblance to that voter.

(e) At any time a voter presents photo identification to a local election official other than on election day, the county board of elections shall have available to the local election official judges of election for the review required under subsection (b) of this section, appointed with the same qualifications as is in Article 5 of this Chapter, except that the individuals (i) may reside anywhere in the county or (ii) be an employee of the county or the State. Neither the local election official nor the judges of election may be a county board member. The county board is not required to have the same judges of election available throughout the time period a voter may present photo identification other than on election day but shall have at least two judges, who are not of the same political party affiliation, available at all times during that period.

(f) Any local or State employee appointed to serve as a judge of election may hold that office in addition to the number permitted by G.S. 128-1.1.

(g) The county board of elections shall cause to be made a record of all voters subject to subsection (c) of this section. The record shall include all of the following:

- (1) The name and address of the voter.
- (2) The name of the local election official under subsection (a) of this section.
- (3) The names and a record of how each judge of election voted under subsection (b) of this section.
- (4) The date of the determinations under subsections (a) and (b) of this section.
- (5) A brief description of the photo identification presented by the voter.

(h) For purposes of this section, the term "judges of election" shall have the following meanings:

- (1) On election day, the chief judge and judges of election as appointed under Article 5 of this Chapter.
- (2) Any time other than on election day, the individuals appointed under subsection (e) of this section.

(i) The State Board shall adopt rules for the administration of this section."

SECTION 2.3. Article 7A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-82.7A. Declaration of religious objection to photograph.

(a) At the time of approval of the application to register to vote, a voter with a sincerely held religious objection to being photographed may execute a declaration before an election official to that effect to be incorporated as part of the official record of voter registration.

(b) At any time after the voter has registered to vote that the voter has determined the voter has a sincerely held religious objection to being photographed, that voter may execute a declaration before an election official to be incorporated as part of the official record of that voter's voter registration.

(c) At any time after a voter has executed a declaration before an election official under this section and that voter no longer has a sincerely held religious objection to being photographed, that voter may request the cancellation of the declaration in writing to the county board.

(d) All declarations under subsections (a) and (b) of this section shall include a statement by the voter that the voter has a sincerely held religious objection to being photographed and a requirement for the signature of the voter, which includes a notice that a false or fraudulent declaration is a Class I felony pursuant to G.S. 163-275(13).

(e) The State Board shall adopt rules to establish a standard form for the administration of this section."

SECTION 2.5. G.S. 163-166.7(a) reads as rewritten:

"(a) Checking Registration. – A person seeking to vote shall enter the voting enclosure through the appropriate entrance. A precinct official assigned to check registration shall at once ask the voter to state current name and residence address. The voter shall answer by stating current name and residence address, address and presenting photo identification in accordance with G.S. 163-166.13. In a primary election, that voter shall also be asked to state, and shall state, the political party with which the voter is affiliated or, if unaffiliated, the authorizing party in which the voter wishes to vote. After examination, that official shall state whether that voter is duly registered to vote in that precinct and shall direct that voter to the voting equipment or to the official assigned to distribute official ballots. If a precinct official states that the person is duly registered, the person shall sign the pollbook, other voting record, or voter authorization document in accordance with subsection (c) of this section before voting."

SECTION 2.6. G.S. 163-166.9 reads as rewritten:

"§ 163-166.9. Curbside voting.

(a) In any election or referendum, if any qualified voter is able to travel to the voting place, but because of age or physical disability and physical barriers encountered at the voting place is unable to enter the voting enclosure to vote in person without physical assistance, that voter shall be allowed to vote either in the vehicle conveying that voter or in the immediate proximity of the voting place.

(b) Any qualified voter voting under this section shall comply with G.S. 163-166.13(a) by one of the following means:

(1) Presenting photo identification in accordance with G.S. 163-166.13.

(2) Presenting a copy of a document listed in G.S. 163-166.12(a)(2).

(c) The State Board of Elections shall ~~promulgate~~ adopt rules for the administration of this section."

SECTION 2.7. G.S. 163-227.2(b) reads as rewritten:

"(b) Not earlier than the third Thursday before an election, in which absentee ballots are authorized, in which a voter seeks to vote and not later than 1:00 P.M. on the last Saturday before that election, the voter shall appear in person only at the office of the county board of elections, except as provided in subsection (g) of this section. A county board of elections shall conduct one-stop voting on the last Saturday before the election until 1:00 P.M. and may conduct it until 5:00 P.M. on that Saturday. That voter shall enter the voting enclosure at the board office through the appropriate entrance and shall at once state his or her name and place of residence to an authorized member or employee of the ~~board~~ board and present photo identification in accordance with G.S. 163-166.13. In a primary election, the voter shall also state the political party with which the voter affiliates and in whose primary the voter desires to vote, or if the voter is an unaffiliated voter permitted to vote in the primary of a particular party under G.S. 163-119, the voter shall state the name of the authorizing political party in whose primary he wishes to vote. The board member or employee to whom the voter gives this information shall announce the name and residence of the voter in a distinct tone of voice. After examining the registration records, an employee of the board shall state whether the person seeking to vote is duly registered. If the voter is found to be registered that voter may request that the authorized member or employee of the board furnish the voter with an application form as specified in G.S. 163-227. The voter shall complete the application in the presence of the authorized member or employee of the board, and shall deliver the application to that person."

SECTION 2.8. Article 15A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-182.1A. Counting of provisional official ballots cast due to failure to provide photo identification when voting in person.

(a) Unless disqualified for some other reason provided by law, the county board of elections shall find that a voter's provisional official ballot cast as a result of failing to present photo identification when voting in person in accordance with G.S. 163-166.13 is valid and direct that the provisional ballot be opened and counted in accordance with this Chapter if the voter complies with this section.

(b) A voter who casts a provisional official ballot wholly or partly as a result of failing to present photo identification when voting in person in accordance with G.S. 163-166.13 may comply with this section by appearing in person at the county board of elections and doing one of the following:

(1) Presenting photo identification as defined in G.S. 163-166.13(e) that bears any reasonable resemblance to the voter. The local election official to whom the photo identification is presented shall determine if the photo identification bears any reasonable resemblance to that voter. If not, that local election official shall comply with G.S. 163-166.14.

(2) Presenting any of the documents listed in G.S. 163-166.12(a)(2) and declaring that the voter has a sincerely held religious objection to being photographed. That voter shall also be offered an opportunity to execute a declaration under G.S. 163-82.7A for future elections.

(c) All identification under subsection (b) of this section shall be presented to the county board of elections not later than 12:00 noon the day prior to the time set for the convening of the election canvass pursuant to G.S. 163-182.5.

(d) If the county board of elections determines that a voter has also cast a provisional official ballot for a cause other than the voter's failure to provide photo identification in accordance with G.S. 163-166.13, the county board shall do all of the following:

- (1) Note on the envelope containing the provisional official ballot that the voter has complied with the proof of identification requirement.
- (2) Proceed to determine any other reasons for which the provisional official ballot was cast provisionally before ruling on the validity of the voter's provisional official ballot."

SECTION 2.9. G.S. 163-87 reads as rewritten:

"§ 163-87. Challenges allowed on day of primary or election.

On the day of a primary or election, at the time a registered voter offers to vote, any other registered voter of the precinct may exercise the right of challenge, and when ~~he~~ the voter does so may enter the voting enclosure to make the challenge, but ~~he~~ the voter shall retire therefrom as soon as the challenge is heard.

On the day of a primary or election, any other registered voter of the precinct may challenge a person for one or more of the following reasons:

- (1) One or more of the reasons listed in G.S. 163-85(c).
- (2) That the person has already voted in that primary or election.
- (3) Repealed by Session Laws 2009-541, s. 16.1(b), effective August 28, 2009.
- (4) If the challenge is made with respect to voting in a partisan primary, that the person is a registered voter of another political party.
- (5) Except as provided in G.S. 163-166.13(d) and G.S. 163-166.14, the voter does not present photo identification in accordance with G.S. 163-166.13.

The chief judge, judge, or assistant appointed under G.S. 163-41 or 163-42 may enter challenges under this section against voters in the precinct for which appointed regardless of the place of residence of the chief judge, judge, or assistant.

If a person is challenged under this subsection, and the challenge is sustained under G.S. 163-85(c)(3), the voter may still transfer ~~his~~ that voter's registration under G.S. 163-82.15(e) if eligible under that section, and the registration shall not be cancelled under G.S. 163-90.2(a) if the transfer is made. A person who has transferred ~~his~~ that voter's registration under G.S. 163-82.15(e) may be challenged at the precinct to which the registration is being transferred."

PART 3. IMPLEMENTATION

SECTION 3.1. G.S. 20-37.7(d) reads as rewritten:

"(d) **Expiration and Fee.** – A special identification card issued to a person for the first time under this section expires when a drivers license issued on the same day to that person would expire. A special identification card renewed under this section expires when a drivers license renewed by the card holder on the same day would expire.

The fee for a special identification card is the same as the fee set in G.S. 20-14 for a duplicate license. The fee does not apply to a special identification card issued to a resident of this State as follows:

- (1) ~~who~~ The applicant is legally blind, blind.
- (2) The applicant is at least 70 years old, old.
- (3) ~~The applicant is homeless,~~ has been issued a drivers license but the drivers license is cancelled under G.S. 20-15, in accordance with G.S. 20-9(e) and (g), as a result of a physical or mental disability or disease.
- (4) The applicant is homeless. To obtain a special identification card without paying a fee, a homeless person must present a letter to the Division from the director of a facility that provides care or shelter to homeless persons verifying that the person is homeless.
- (5) The applicant is registered to vote in this State and does not have photo identification acceptable under G.S. 163-166.13. To obtain a special identification card without paying a fee, a registered voter shall sign a declaration stating the registered voter is registered and does not have other photo identification acceptable under G.S. 163-166.13. The Division shall verify that voter registration prior to issuing the special identification card. Any declaration shall prominently include the penalty under G.S. 163-275(13) for falsely making the declaration.

- (6) The applicant is appearing before the Division for the purpose of registering to vote in accordance with G.S. 163-82.19 and does not have other photo identification acceptable under G.S. 163-166.13. To obtain a special identification card without paying a fee, that applicant shall sign a declaration stating that applicant is registering to vote and does not have other photo identification acceptable under G.S. 163-166.13. Any declaration shall prominently include the penalty under G.S. 163-275(13) for falsely making the declaration."

SECTION 3.2. G.S. 130A-93.1 is amended by adding a new subsection to read:

"(c) Upon verification of voter registration, the State Registrar shall not charge any fee under subsection (a) of this section to a registered voter who signs a declaration stating the registered voter is registered to vote in this State and does not have a certified copy of that registered voter's birth certificate or marriage license necessary to obtain photo identification acceptable under G.S. 163-166.13. Any declaration shall prominently include the penalty under G.S. 163-275(13) for falsely or fraudulently making the declaration."

SECTION 3.3. G.S. 161-10(a)(8) reads as rewritten:

- "(8) Certified Copies of Birth and Death Certificates and Marriage Licenses. – For furnishing a certified copy of a death or birth certificate or marriage license ten dollars (\$10.00). Provided however, a ~~Register of Deeds~~ register of deeds, in accordance with G.S. 130A-93, may issue without charge a certified ~~Birth Certificate~~ birth certificate to any person over the age of 62 years. Provided, however, upon verification of voter registration, a register of deeds, in accordance with G.S. 130A-93, shall issue without charge a certified copy of a birth certificate or a certified copy of a marriage license to any registered voter who declares the registered voter is registered to vote in this State and does not have a certified copy of that registered voter's birth certificate or marriage license necessary to obtain photo identification acceptable under G.S. 163-166.13. Any declaration shall prominently include the penalty under G.S. 163-275(13) for falsely or fraudulently making the declaration."

SECTION 3.4. G.S. 163-275(13) reads as rewritten:

- "(13) For any person falsely to make or present any certificate or other paper to qualify any person fraudulently as a voter, or to attempt thereby to secure to any person the privilege of ~~voting~~ voting, including declarations made under this Chapter, G.S. 20-37.7(d)(5), 20-37.7(d)(6), 130A-93.1(c), and 161-10(a)(8);"

PART 4. ABSENTEE VOTING

SECTION 4.1. G.S. 163-229(b) reads as rewritten:

"(b) Application on Container-Return Envelope. – In time for use not later than 60 days before a statewide general election in an even-numbered year, and not later than 50 days before a statewide primary, other general election or county bond election, the county board of elections shall print a sufficient number of envelopes in which persons casting absentee ballots may transmit their marked ballots to the county board of elections. However, in the case of municipal elections, sufficient container-return envelopes shall be made available no later than 30 days before an election. Each container-return envelope shall have printed on it an application which shall be designed and prescribed by the State Board of Elections, providing for all of the following:

- (1) ~~the~~The voter's certification of eligibility to vote the enclosed ballot and of having voted the enclosed ballot in accordance with this ~~Article~~Article.
- (2) ~~a~~A space for identification of the envelope with the ~~voter~~voter and the voter's signature.
- (3) ~~and a~~A space for the identification of the two persons witnessing the casting of the absentee ballot in accordance with G.S. 163-231, those persons' signatures, and those persons' addresses.
- (4) A space for the name and address of any person who, as permitted under G.S. 163-226.3(a), assisted the voter if the voter is unable to complete and sign the certification and that individual's signature.
- (5) A space for approval by the county board of elections.

- (6) ~~The envelope shall~~ A space to allow reporting of a change of name as provided by G.S. 163-82.16.
- (7) A prominent display of the unlawful acts under G.S. 163-226.3 and G.S. 163-275, except if there is not room on the envelope, the State Board of Elections may provide for that disclosure to be made on a separate piece of paper to be included along with the container-return envelope.

The container-return envelope shall be printed in accordance with the instructions of the State Board of Elections."

SECTION 4.2. G.S. 163-230.1 reads as rewritten:

"§ 163-230.1. Simultaneous issuance of absentee ballots with application.

(a) ~~A qualified voter who is eligible to vote by absentee ballot under G.S. 163-226(a) desires to vote by absentee ballot, or that voter's near relative or verifiable legal guardian, shall complete a request form for in writing an application for absentee ballots, an absentee application and absentee ballots so that the county board of elections receives the that completed request form not later than 5:00 P.M. on the Tuesday before the election. That completed written request form shall be signed by the voter, the voter's near relative, or the voter's verifiable legal guardian in compliance with G.S. 163-230.2. The county board of elections shall enter in the register of absentee requests, applications, and ballots issued the information required in G.S. 163-228 as soon as each item of that information becomes available. Upon receiving the application, completed request form, the county board of elections shall cause to be mailed to that voter in a single package; package that includes all of the following:~~

- (1) ~~The official ballots the that voter is entitled to vote; vote.~~
- (2) ~~A container-return envelope for the ballots, printed in accordance with G.S. 163-229; and G.S. 163-229.~~
- (3) ~~Repealed by Session Laws 1999-455, s. 10.~~
- (4) ~~An instruction sheet.~~

The ballots, envelope, and instructions shall be mailed to the voter by the county board's chairman, member, officer, or employee as determined by the board and entered in the register as provided by this Article.

(a1) ~~Absence for Sickness or Physical Disability. – Notwithstanding the provisions of subsection (a) of this section, if a voter expects to be unable to go to the voting place to vote in person on election day because of that voter's sickness or other physical disability, that voter or that voter's near relative or verifiable legal guardian may make written the request under subsection (a) of this section in person for absentee ballots to the board of elections of the county in which the voter is registered after 5:00 p.m. on the Tuesday before the election but not later than 5:00 p.m. on the day before the election. The county board of elections shall treat that completed request form in the same manner as a request under subsection (a) of this section but may personally deliver the application and ballots to the voter or that voter's near relative or verifiable legal guardian. enter in the register of absentee requests, applications, and ballots issued the information required in G.S. 163-228 as soon as each item of that information becomes available. The county board of elections shall personally deliver to the requester in a single package:~~

- (1) ~~The official ballots the voter is entitled to vote;~~
- (2) ~~A container return envelope for the ballots, printed in accordance with G.S. 163-229; and~~
- (3) ~~An instruction sheet.~~

(a2) ~~Delivery of Absentee Ballots and Container-Return Envelope to Applicant. – When the county board of elections receives a completed request form for applications and absentee ballots, the board shall promptly issue and transmit them to the voter in accordance with the following instructions:~~

- (1) ~~On the top margin of each ballot the applicant is entitled to vote, the chair, a member, officer, or employee of the board of elections shall write or type the words "Absentee Ballot No. ____" or an abbreviation approved by the State Board of Elections and insert in the blank space the number assigned the applicant's application in the register of absentee requests, applications, and ballots issued. That person shall not write, type, or print any other matter upon the ballots transmitted to the absentee voter. Alternatively, the board of elections may cause to be barcoded on the ballot the voter's application~~

number, if that barcoding system is approved by the State Board of Elections.

- (2) The chair, member, officer, or employee of the board of elections shall fold and place the ballots (identified in accordance with the preceding instruction) in a container-return envelope and write or type in the appropriate blanks thereon, in accordance with the terms of G.S. 163-229(b), the absentee voter's name, the absentee voter's application number, and the designation of the precinct in which the voter is registered. If the ballot is barcoded under this section, the envelope may be barcoded rather than having the actual number appear. The person placing the ballots in the envelopes shall leave the container-return envelope holding the ballots unsealed.
- (3) The chair, member, officer, or employee of the board of elections shall then place the unsealed container-return envelope holding the ballots together with printed instructions for voting and returning the ballots, in an envelope addressed to the voter at the post office address stated in the request, seal the envelope, and mail it at the expense of the county board of elections: Provided, that in case of a request received after 5:00 p.m. on the Tuesday before the election under the provisions of subsection (a1) of this section, in lieu of transmitting the ballots to the voter in person or by mail, the chair, member, officer, or employee of the board of elections may deliver the sealed envelope containing the instruction sheet and the container-return envelope holding the ballots to a near relative or verifiable legal guardian of the voter.

The county board of elections may receive completed written requests~~request forms~~ for applications at any time prior to the election but shall not mail applications and ballots to the voter or issue applications and ballots in person earlier than 60 days prior to the statewide general election in an even-numbered year, or earlier than 50 days prior to any other election, except as provided in G.S. 163-227.2. No election official shall issue applications for absentee ballots except in compliance with this Article.

(b) The application shall be completed and signed by the voter personally, the ballots marked, the ballots sealed in the container-return envelope, and the certificate completed as provided in G.S. 163-231.

(c) At its next official meeting after return of the completed container-return envelope with the voter's ballots, the county board of elections shall determine whether the container-return envelope has been properly executed. If the board determines that the container-return envelope has been properly executed, it shall approve the application and deposit the container-return envelope with other container-return envelopes for the envelope to be opened and the ballots counted at the same time as all other container-return envelopes and absentee ballots.

(c1) Required Meeting of County Board of Elections. – During the period commencing on the third Tuesday before an election, in which absentee ballots are authorized, the county board of elections shall hold one or more public meetings each Tuesday at 5:00 p.m. for the purpose of action on applications for absentee ballots. At these meetings, the county board of elections shall pass upon applications for absentee ballots.

If the county board of elections changes the time of holding its meetings or provides for additional meetings in accordance with the terms of this subsection, notice of the change in hour and notice of the schedule of additional meetings, if any, shall be published in a newspaper circulated in the county at least 30 days prior to the election.

At the time the county board of elections makes its decision on an application for absentee ballots, the board shall enter in the appropriate column in the register of absentee requests, applications, and ballots issued opposite the name of the applicant a notation of whether the applicant's application was "Approved" or "Disapproved".

The decision of the board on the validity of an application for absentee ballots shall be final subject only to such review as may be necessary in the event of an election contest. The county board of elections shall constitute the proper official body to pass upon the validity of all applications for absentee ballots received in the county; this function shall not be performed by the chairman or any other member of the board individually.

342 (d) Repealed by Session Laws 1999-455, s. 10.

(e) The State Board of Elections, by rule or by instruction to the county board of elections, shall establish procedures to provide appropriate safeguards in the implementation of this section.

(f) For the purpose of this Article, "near relative" means spouse, brother, sister, parent, grandparent, child, grandchild, mother-in-law, father-in-law, daughter-in-law, son-in-law, stepparent, or stepchild."

SECTION 4.3. G.S. 163-230.2 reads as rewritten:

"§ 163-230.2. Method of requesting absentee ballots.

(a) Valid Types of Written Requests. – A completed written request form for an absentee ballot as required by G.S. 163-230.1 is valid only if it is written entirely by the requester personally, or is on a form generated created by the county board of elections State Board and signed by the requester, voter requesting absentee ballots or that voter's near relative or verifiable legal guardian. The county board of elections shall issue a request form only to the voter seeking to vote by absentee ballot or to a person authorized by G.S. 163-230.1 to make a request for the voter. If a requester, due to disability or illiteracy, is unable to complete a written request, that requester may receive assistance in writing that request from an individual of that requester's choice. The State Board shall make the form available at its offices, online, and in each county board of elections office, and that form may be reproduced. A voter may make a request in person or by writing to the county board for the form to request an absentee ballot. The request form for an absentee ballot shall require at least the following information:

- (1) The name and address of the residence of the voter.
- (2) The name and address of the voter's near relative or verifiable legal guardian if that individual is making the request.
- (3) The address of the voter to which the application and absentee ballots are to be mailed if different from the residence address of the voter.
- (4) One or more of the following in the order of preference:
 - a. The number of the voter's North Carolina drivers license issued under Article 2 of Chapter 20 of the General Statutes, including a learner's permit or a provisional license.
 - b. The number of the voter's special identification card for nonoperators issued under G.S. 20-37.7.
 - c. The last four digits of the applicant's social security number.
- (5) The voter's date of birth.
- (6) The signature of the voter or of the voter's near relative or verifiable legal guardian if that individual is making the request.

(a1) A completed request form for an absentee ballot shall be deemed a request to update the official record of voter registration for that voter and shall be confirmed in writing in accordance with G.S. 163-82.14(d).

(a2) The completed request form for an absentee ballot shall be delivered to the county board of elections. If the voter does not include the information requested in subdivision (a)(4) of this section, a copy of a document listed in G.S. 163-166.12(a)(2) shall accompany the completed request form.

(a3) Upon receiving a completed request form for an absentee ballot, the county board shall confirm that voter's registration. If that voter is confirmed as a registered voter of the county, the absentee ballots and certification form shall be mailed to the voter, unless personally delivered in accordance with G.S. 163-230.1(a1). If the voter's official record of voter registration conflicts with the completed request form for an absentee ballot or cannot be confirmed, the voter shall be so notified. If the county board cannot resolve the differences, no application or absentee ballots shall be issued.

(b) Invalid Types of Written Requests. – A request is not valid if it does not comply with subsection (a) of this section. If a county board of elections receives a request for an absentee ballot that does not comply with subsection (a) of this section, the board shall not issue an application and ballot under G.S. 163-230.1.

(c) Rules by State Board. – The State Board of Elections shall adopt rules for the enforcement of this section."

SECTION 4.4. G.S. 163-231 reads as rewritten:

"§ 163-231. Voting absentee ballots and transmitting them to the county board of elections.

(a) Procedure for Voting Absentee Ballots. – In the presence of ~~a person~~two persons who ~~is~~are at least 18 years of age, and who ~~is~~are not disqualified by G.S. 163-226.3(a)(4) or G.S. 163-237(b1), the voter ~~shall~~shall do all of the following:

- (1) Mark the voter's ballots, or cause them to be marked by that person in the voter's presence according to the voter's ~~instruction~~instruction.
- (2) Fold each ballot separately, or cause each of them to be folded in the voter's ~~presence~~presence.
- (3) Place the folded ballots in the container-return envelope and securely seal it, or have this done in the voter's ~~presence~~presence.
- (4) Make the application printed on the container-return envelope according to the provisions of G.S. 163-229(b) and make the certificate printed on the container-return envelope according to the provisions of G.S. 163-229(b).
- (5) Require those two persons in whose presence the voter marked that voter's ballots to sign the application and certificate as witnesses and to indicate those persons' addresses.

Alternatively to the prior paragraph of this subsection, any requirement for two witnesses shall be satisfied if witnessed by one notary public, who shall comply with all the other requirements of that paragraph. The notary shall affix a valid notarial seal to the envelope, and include the word "Notary Public" below his or her signature.

The ~~person~~persons in whose presence the ballot is marked shall at all times respect the secrecy of the ballot and the privacy of the absentee voter, unless the voter requests the ~~person's~~ assistance and ~~the~~that person is otherwise authorized by law to give assistance. ~~The person in whose presence the ballot was marked shall sign the application and certificate as a witness and shall indicate that person's address.~~ When thus executed, the sealed container-return envelope, with the ballots enclosed, shall be transmitted in accordance with the provisions of subsection (b) of this section to the county board of elections which issued the ballots.

(a1) Repealed by Session Laws 1987, c. 583, s. 1.

(b) Transmitting Executed Absentee Ballots to County Board of Elections. – The sealed container-return envelope in which executed absentee ballots have been placed shall be transmitted to the county board of elections who issued ~~them~~those ballots as follows:

- (1) All ballots issued under the provisions of ~~Articles 20~~this Article and Article 21A of this Chapter shall be transmitted by mail or by commercial courier service, at the voter's expense, or delivered in person, or by the voter's near relative or verifiable legal guardian and received by the county board not later than 5:00 p.m. on the day ~~before~~of the statewide primary or general election or county bond election. Ballots issued under the provisions of Article 21A of this Chapter may also be electronically transmitted.
- (2) If ballots are received later than ~~that hour~~the hour stated in subdivision (1) of this subsection, ~~they~~those ballots shall not be accepted unless one of the following applies:
 - a.(i) federal~~Federal~~ law so ~~requires~~requires.
 - b.(ii) if~~The~~ ballots issued under ~~this Article 20 of this Chapter~~ are postmarked and that postmark is dated on or before ~~by~~ the day of the statewide primary or general election or county bond election and are received by the county board of elections not later than three days after the election by ~~5:00 p.m., or~~ 5:00 p.m.
 - c.(iii) if~~The~~ ballots issued under Article 21A of this Chapter are received by the county board of elections not later than the end of business on the business day before the canvass conducted by the county board of elections held pursuant to G.S. 163-182.5. ~~Ballots issued under Article 20 of this Chapter not postmarked by the day of the election shall not be accepted by the county board of elections.~~

(c) For purposes of this section, "Delivered in person" includes delivering the ballot to an election official at a one-stop voting site under G.S. 163-227.2 during any time that site is open for voting. The ballots shall be kept securely and delivered by election officials at that site to the county board of elections office for processing."

SECTION 4.5. G.S. 163-226 is amended by adding a new subsection to read:

"(d) The Term "Verifiable Legal Guardian." – An individual appointed guardian under Chapter 35A of the General Statutes. For a corporation appointed as a guardian under that

Chapter, the corporation may submit a list of 10 named individuals to the State Board of Elections who may act for that corporation under this Article."

SECTION 4.6.(a) G.S. 163-226.3(a)(4) reads as rewritten:

"(a) Any person who shall, in connection with absentee voting in any election held in this State, do any of the acts or things declared in this section to be unlawful, shall be guilty of a Class I felony. It shall be unlawful:

- ...
- (4) For any owner, manager, director, employee, or other person, other than the voter's near relative or verifiable legal guardian, to (i) make a written request pursuant to G.S. 163-230.1 or (ii) sign an application or certificate as a witness, on behalf of a registered voter-voter, who is a patient in any hospital, clinic, nursing home or rest home in this State or for any owner, manager, director, employee, or other person other than the voter's near relative or verifiable legal guardian, to mark the voter's absentee ballot or assist such a voter in marking an absentee ballot. This subdivision does not apply to members, employees, or volunteers of the county board of elections, if those members, employees, or volunteers are working as part of a multipartisan team trained and authorized by the county board of elections to assist voters with absentee ballots. Each county board of elections shall train and authorize such teams, pursuant to procedures which shall be adopted by the State Board of Elections. If neither the voter's near relative nor a verifiable legal guardian is available to assist the voter, and a multipartisan team is not available to assist the voter within seven calendar days of a telephonic request to the county board of elections, the voter may obtain such assistance from any person other than (i) an owner, manager, director, employee of the hospital, clinic, nursing home, or rest home in which the voter is a patient or resident; (ii) an individual who holds any elective office under the United States, this State, or any political subdivision of this State; (iii) an individual who is a candidate for nomination or election to such office; or (iv) an individual who holds any office in a State, congressional district, county, or precinct political party or organization, or who is a campaign manager or treasurer for any candidate or political party; provided that a delegate to a convention shall not be considered a party office. None of the persons listed in (i) through (iv) of this subdivision may sign the application or certificate as a witness for the patient.

...."

SECTION 4.6.(b) The State Board of Elections shall adopt rules prior to October 1, 2013, concerning the multipartisan teams authorized by G.S. 163-226.3(a)(4), as amended by subsection (a) of this section, to ensure that each county has, no later than the day absentee voting begins for each primary and election, trained teams to promptly assist patients and residents of any hospital, clinic, nursing home, or rest home in that county in casting absentee ballots as provided by law. Such rules shall be initially established as temporary rules in accordance with Chapter 150B of the General Statutes.

SECTION 4.7. G.S. 10B-30 is amended by adding a new subsection to read:

"(d) A notary may not charge any fee for witnessing and affixing a notarial seal to an absentee ballot application or certificate under G.S. 163-231."

PART 5. REGISTRATION AND EDUCATION

SECTION 5.1. G.S. 163-82.22 reads as rewritten:

"§ 163-82.22. Voter registration at ~~public libraries~~, public libraries and public agencies.

(a) Every library covered by G.S. 153A-272 shall make available to the public the application forms described in G.S. 163-82.3, and shall keep a sufficient supply of the forms so that they are always available. Every library covered by G.S. 153A-272 shall designate at least one employee to assist voter registration applicants in completing the form during all times that the library is open.

(b) If approved by the State Board of Elections, the county board of elections, and the county board of commissioners, a county may offer voter registration in accordance with this section through the following additional public offices:

- (1) Senior centers or facilities operated by the county.
- (2) Parks and recreation services operated by the county."

SECTION 5.2. The State Board of Elections shall disseminate information about photo identification requirements for voting, provide information on how to obtain photo identification appropriate for voting, and assist any registered voter without photo identification appropriate for voting with obtaining such photo identification. Information may be distributed through public service announcements, print, radio, television, online, and social media. The State Board shall work with public agencies, private partners, and nonprofits to identify voters without photo identification appropriate for voting and assist those voters in securing the photo identification appropriate for voting. All outreach efforts to notify voters of the photo identification requirements shall be accessible to the elderly and persons with disabilities. The State Board of Elections shall work with county boards of elections in those counties where there is no Division of Motor Vehicles drivers license office open five days a week to (i) widely communicate information about the availability and schedules of Division of Motor Vehicles mobile units and (ii) provide volunteers to assist voters with obtaining photo identification through mobile units.

SECTION 5.3. Education and Publicity Requirements. – The public shall be educated about the photo identification to vote requirements of this act as follows:

- (1) As counties use their regular processes to notify voters of assignments and reassignments to districts for election to the United States House of Representatives, State Senate, State House of Representatives, or local office, by including information about the provisions of this act.
- (2) As counties send new voter registration cards to voters as a result of new registration, changes of address, or other reasons, by including information about the provisions of this act.
- (3) Counties that maintain a board of elections Web site shall include information about the provisions of this act.
- (4) Notices of elections published by county boards of elections under G.S. 163-22(8) for the 2014 primary and 2014 general election shall include a brief statement that photo identification will be required to vote in person beginning in 2016.
- (5) The State Board of Elections shall include on its Web site information about the provisions of this act.
- (6) Counties shall post at the polls and at early voting sites beginning with the 2014 primary elections information about the provisions of this act.
- (7) The State Board of Elections shall distribute information about the photo identification requirements to groups and organizations serving persons with disabilities or the elderly.
- (8) The State Board of Elections, the Division of Motor Vehicles, and county boards of elections in counties where there is no Division of Motor Vehicles drivers license office open five days a week shall include information about mobile unit schedules on existing Web sites, shall distribute information about these schedules to registered voters identified without photo identification, and shall publicize information about the mobile unit schedules through other available means.
- (9) The State Board of Elections and county boards of elections shall direct volunteers to assist registered voters in counties where there is no Division of Motor Vehicles drivers license office open five days a week.

SECTION 5.4. The State Board of Elections shall include in all forms prepared by the Board a prominent statement that submitting fraudulently or falsely completed declarations is a Class I felony under Chapter 163 of the General Statutes.

SECTION 5.5. By April 1, 2014, the State Board of Elections shall review and make recommendations to the Joint Legislative Elections Oversight Committee on the steps recommended by the Board to implement the use of electronic and digital information in all polling places statewide. The review shall address all of the following:

- (1) Obtaining digital photographs of registered voters and verifying identity of those voters.
- (2) Maintaining information stored electronically in a secure fashion.
- (3) Utilizing electronically stored information, including digital photographs and electronic signatures, to create electronic pollbooks.

- (4) Using electronic pollbooks to assist in identifying individuals attempting to vote more than once in an election.
- (5) A proposed plan for a pilot project to implement electronic pollbooks, including the taking of digital photographs at the polling place to supplement the electronic pollbooks.
- (6) Any other related matter identified by the State Board impacting the use of digital and electronic information in the voting place.

PART 6. EFFECTIVE DATE

SECTION 6.2. Parts 1 through 6 of this act become effective as follows:

- (1) Parts 1 and 6 of this act are effective when this act becomes law.
- (2) Part 2 of this act becomes effective January 1, 2016, and applies to primaries and elections conducted on or after that date.
- (3) Part 3 of this act becomes effective January 1, 2014.
- (4) Part 4 of this act becomes effective January 1, 2014, and applies to primaries and elections held on or after that date, except that Section 4.6(b) is effective when it becomes law.
- (5) Part 5 of this act becomes effective October 1, 2013.
- (6) At any primary and election between May 1, 2014, and January 1, 2016, any registered voter may present that voter's photo identification to the elections officials at the voting place but may not be required to do so. At each primary and election between May 1, 2014, and January 1, 2016, each voter presenting in person shall be notified that photo identification will be needed to vote beginning in 2016 and be asked if that voter has one of the forms of photo identification appropriate for voting. If that voter indicates he or she does not have one or more of the types of photo identification appropriate for voting, that voter shall be asked to sign an acknowledgment of the photo identification requirement and be given a list of types of photo identification appropriate for voting and information on how to obtain those types of photo identification. The list of names of those voters who signed an acknowledgment is a public record.

PART 7. STUDY FILLING OF VACANCIES IN THE GENERAL ASSEMBLY

SECTION 7.1 The Joint Legislative Elections Oversight Committee shall study the method of filling vacancies in the General Assembly, and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 8. FILLING OF VACANCIES IN THE UNITED STATES SENATE

SECTION 8.1. G.S. 163-12 reads as rewritten:

"§ 163-12. Filling vacancy in United States Senate.

Whenever there shall be a vacancy in the office of United States Senator from this State, whether caused by death, resignation, or otherwise than by expiration of term, the Governor shall appoint to fill the vacancy until an election shall be held to fill the office. If the Senator was elected as the nominee of a political party, the person appointed by the Governor shall be a person affiliated with that same political party. The Governor shall issue ~~his~~ a writ for the election of a Senator to be held at the time of the first election for members of the General Assembly that is held more than 60 days after the vacancy occurs. The person elected shall hold the office for the remainder of the unexpired term. The election shall take effect from the date of the canvassing of the returns."

PART 9. FILLING OF VACANCIES IN UNITED STATES HOUSE OF REPRESENTATIVES

SECTION 9.1. The Joint Legislative Elections Oversight Committee shall study the method of filling vacancies in the United States House of Representatives by special election, and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013

Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 10. SPECIAL ELECTION DATES

SECTION 10.1. G.S. 163-287 reads as rewritten:

"§ 163-287. Special elections; procedure for calling.

(a) Any ~~municipality~~ county, municipality, or any special district shall have authority to call special elections as permitted by law. Prior to calling a special election, the ~~city council or the governing body of the county, municipality, or special district~~ shall adopt a resolution specifying the details of the election, and forthwith deliver the resolution to the ~~appropriate~~ local board of elections. The resolution shall call on the local board of elections to conduct the election described in the resolution and shall state the date on which the special election is to be conducted. The special election may be held only at the same time as any other State, county or municipal ~~primary, election or special election or referendum, but may not otherwise be held within the period of time beginning 30 days before and ending 30 days after the date of any other primary, election, special election or referendum held for that city or special district.~~ general election or at the same time as the primary election in any even-numbered year.

(b) Legal notice of the special election shall be published no less than 45 days prior to the special election. The local board of elections shall be responsible for publishing the legal notice. The notice shall state the date and time of the special election, the issue to be submitted to the voters, and the precincts in which the election will be held. This ~~paragraph~~ subsection shall not apply to bond elections.

(c) The last sentence of subsection (a) of this section shall not apply to any special election related to the public health or safety, including a vacancy in the office of sheriff or a bond referendum for financing of health and sanitation systems, if the governing body adopts a resolution stating the need for the special election at a time different from any other State, county, or municipal general election or the primary in any even-numbered year.

(d) The last sentence of subsection (a) of this section shall not apply to municipal incorporation or recall elections pursuant to local act of the General Assembly.

(e) The last sentence of subsection (a) of this section shall not apply to municipal elections to fill vacancies in office pursuant to local act of the General Assembly where more than six months remain in the term of office, and if less than six months remain in the office, the governing board may fill the vacancy for the remainder of the unexpired term notwithstanding any provision of a local act of the General Assembly.

(f) This section shall not impact the authority of the courts or the State Board to order a new election at a time set by the courts or State Board under this Chapter."

SECTION 10.2. Article 1 of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-3. Special elections.

Special elections shall be called as permitted by law and conducted in accordance with G.S. 163-287."

SECTION 10.3. G.S. 18B-601(f) reads as rewritten:

"(f) Election Date. – The board of elections shall conduct and set the date for the alcoholic beverage election, which may not be sooner than 60 days nor later than 120 days from the date the request was received from the governing body or the petition was verified by the board. election in accordance with G.S. 163-287. ~~No alcoholic beverage election may be held on the Tuesday next after the first Monday in November of an even-numbered year."~~

SECTION 10.4. G.S. 63-80(c) reads as rewritten:

"(c) Following the joint public hearing but prior to the adoption by a unit of local government of any resolution creating a special airport district, the governing body of such unit may submit the question of the unit's participation in a special airport district to the qualified voters of such unit. The form of the question as stated on the ballot shall be in substantially the following words:

"Shall the governing body of _____ approve _____'s participation in the proposed _____ special airport district?"

☐ YES ☐ NO"

If a majority of the qualified voters of the unit who vote thereon approve such participation, the governing body of such unit may adopt a resolution creating the particular special airport

district. The election shall be conducted in accordance with G.S. 163-287 and the results thereof certified, declared and published in the same manner as bond elections within the unit."

SECTION 10.5. G.S. 63-87 reads as rewritten:

"§ 63-87. Bond elections.

Elections for the purpose of authorizing the levy of taxes for the issuance of bonds shall be called by the district board and shall be conducted in accordance with G.S. 163-287 and the results canvassed by the boards of elections having jurisdiction within the participating units. Such results shall be certified to the district board and such board shall certify and declare the result of the election and publish a statement of the result once as provided in the Local Government Bond Act."

SECTION 10.6. G.S. 69-25.1 reads as rewritten:

"§ 69-25.1. Election to be held upon petition of voters.

Upon the petition of thirty-five percent (35%) of the resident freeholders living in an area lying outside the corporate limits of any city or town, which area is described in the petition and designated as " _____ Fire District," the board of county

(Here insert name)

commissioners of the county shall call ~~an~~ a special election in said district for the purpose of submitting to the qualified voters therein the question of levying and collecting a special tax on all taxable property in said district, of not exceeding fifteen cents (15¢) on the one hundred dollars (\$100.00) valuation of property, for the purpose of providing fire protection in said district. The county tax office shall be responsible for checking the freeholder status of those individuals signing the petition and confirming the location of the property owned by those individuals. Unless specifically excluded by other law, the provisions of Chapter 163 of the General Statutes concerning petitions for referenda and special elections shall apply. If the voters reject the special tax under the first paragraph of this section, then no new election may be held under the first paragraph of this section within two years on the question of levying and collecting a special tax under the first paragraph of this section in that district, or in any proposed district which includes a majority of the land within the district in which the tax was rejected.

Upon the petition of thirty-five percent (35%) of the resident freeholders living in an area which has previously been established as a fire protection district and in which there has been authorized by a vote of the people a special tax not exceeding ten cents (10¢) on the one hundred dollars (\$100.00) valuation of property within the area, the board of county commissioners shall call ~~an~~ a special election in said area for the purpose of submitting to the qualified voters therein the question of increasing the allowable special tax for fire protection within said district from ten cents (10¢) on the one hundred dollars (\$100.00) valuation to fifteen cents (15¢) on the one hundred dollars (\$100.00) valuation on all taxable property within such district. ~~Elections~~ Special elections on the question of increasing the allowable tax rate for fire protection shall not be held within the same district at intervals less than two years."

SECTION 10.7. G.S. 69-25.2 reads as rewritten:

"§ 69-25.2. Duties of county board of commissioners regarding conduct of elections; cost of holding.

The board of county commissioners, after consulting with the county board of elections, shall set a date for the special election in accordance with G.S. 163-287 by resolution adopted. The county board of elections shall hold and conduct the election in the district. The county board of elections shall advertise and conduct said election, in accordance with the provisions of this Article and with the procedures prescribed in Chapter 163 governing the conduct of special and general elections. ~~No new registration of voters shall be required, but the deadline by which unregistered voters must register shall be contained in the legal advertisement to be published by the county board of elections.~~ The cost of holding the election to establish a district shall be paid by the county, provided that if the district is established, then the county shall be reimbursed the cost of the election from the taxes levied within the district, but the cost of an election to increase the allowable tax under G.S. 69-25.1 or to abolish a fire district under G.S. 69-25.10 shall be paid from the funds of the district."

SECTION 10.8. G.S. 105-465 reads as rewritten:

"§ 105-465. County election as to adoption of local sales and use tax.

The board of elections of any county, upon the written request of the board of county commissioners, or upon receipt of a petition signed by qualified voters of the county equal in

number to at least fifteen percent (15%) of the total number of votes cast in the county, at the last preceding election for the office of Governor, shall call a special election for the purpose of submitting to the voters of the county the question of whether a one percent (1%) sales and use tax will be levied.

The special election shall be held under the same rules applicable to the election of members of the General Assembly. ~~No new registration of voters shall be required. All qualified voters in the county who are properly registered not later than 21 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at the election. The county board of elections shall give at least 20 days' public notice prior to the closing of the registration books for the special election.~~

The county board of elections shall prepare ballots for the special election. The question presented on the ballot shall be "FOR one percent (1%) local sales and use tax on items subject to State sales and use tax at the general State rate and on food" or "AGAINST one percent (1%) local sales and use tax on items subject to State sales and use tax at the general State rate and on food".

The county board of elections shall fix the date of the special ~~election, election on a date permitted by G.S. 163-287, except that the special election shall not be held on the date or within 60 days of any biennial election for county officers, nor within one year from the date of the last preceding special election under this section.~~

SECTION 10.9. G.S. 105-473(a) reads as rewritten:

"(a) The board of elections of any county, upon the written request of the board of county commissioners thereof, or upon receipt of a petition signed by qualified voters of the county equal in number to at least fifteen percent (15%) of the total number of votes cast in the county at the last preceding election for the office of Governor, shall call a special election for the purpose of submitting to the voters of the county the question of whether the levy of a one percent (1%) sales and use tax theretofore levied should be repealed.

The special election shall be held under the same rules and regulations applicable to the election of members of the General Assembly. ~~No new registration of voters shall be required. All qualified voters in the county who are properly registered not later than 21 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at said election. The county board of elections shall give at least 20 days' public notice prior to the closing of the registration books for the special election.~~

The county board of elections shall prepare ballots for the special election which shall contain the words "FOR repeal of the one percent (1%) local sales and use tax levy," and the words "AGAINST repeal of the one percent (1%) local sales and use tax levy," with appropriate squares so that each voter may designate his vote by his cross (X) mark.

The county board of elections shall fix the date of the special ~~election, election on a date permitted by G.S. 163-287; provided, however, that the special election shall not be held on the day of any biennial election for county officers, nor within 60 days thereof, nor within one year from the date of the last preceding special election held under this section.~~

SECTION 10.10. G.S. 105-507.1(a) reads as rewritten:

"(a) Resolution. – The board of commissioners of a county may direct the county board of elections to conduct an advisory referendum within the county on the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied in accordance with this Part. The election shall be held ~~on a date jointly agreed upon by the boards and shall be held~~ in accordance with the procedures of G.S. 163-287. The board of commissioners shall hold a public hearing on the question at least 30 days before the date the election is to be held."

SECTION 10.11. G.S. 105-509(b) reads as rewritten:

"(b) Resolution. – The board of trustees of the regional public transportation authority may, if all of the conditions listed in this subsection have been met, direct the respective county board or boards of elections to conduct an advisory referendum within the special district on the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied within the district in accordance with this Part. The tax may not be levied without voter approval. The election shall be held on a date jointly agreed upon by the authority, the county board or boards of commissioners, and the county board or boards of elections and shall be held ~~on a date permitted by and in accordance with the procedures of G.S. 163-287. An election to authorize the levy of a tax under this Part may be held only on one of the following dates: (i) Tuesday after the first Monday of November in the even-numbered year, the date of the general election under G.S. 163-1, (ii) the date of the primary election in the even-numbered year under~~

~~G.S. 163-1(b), (iii) Tuesday after the first Monday in November of the odd-numbered year, or (iv) a date in September or October of the odd-numbered year as listed in G.S. 163-279(a)(2), (3), or (4) but only if at least one municipality in the county is holding a primary or election on that date. The conditions are as follows:~~

- (1) The board of trustees has obtained approval to conduct a referendum by a vote of the following:
 - a. A majority vote of each of the county boards of commissioners within the special district, if it is a multicounty special district.
 - b. A majority of the county board of commissioners within the special district, if it is a single-county special district.
- (2) A public hearing is held on the question by the board or boards of commissioners at least 30 days before the date the election is to be held."

SECTION 10.12. G.S. 105-510(b) reads as rewritten:

"(b) Resolution. – The board of trustees of the regional transportation authority may, if all of the conditions listed in this subsection have been met, direct the respective county board or boards of elections to conduct an advisory referendum within the special district on the question of whether a local sales and use tax at the rate of one-half percent (1/2%) may be levied within the district in accordance with this Part. The tax may not be levied without voter approval. The election shall be held on a date jointly agreed upon by the authority, the county board or boards of commissioners, and the county board or boards of elections and shall be held on a date permitted by and in accordance with the procedures of G.S. 163-287. ~~An election to authorize the levy of a tax under this Part may be held only on one of the following dates: (i) Tuesday after the first Monday of November in the even-numbered year, the date of the general election under G.S. 163-1, (ii) the date of the primary election in the even-numbered year under G.S. 163-1(b), (iii) Tuesday after the first Monday in November of the odd-numbered year, or (iv) a date in September or October of the odd-numbered year as listed in G.S. 163-279(a)(2), (3), or (4) but only if at least one municipality in the county is holding a primary or election on that date.~~ The conditions are as follows:

- (1) The board of trustees has obtained approval to conduct a referendum by a vote of the following:
 - a. A majority vote of both of the county boards of commissioners within the special district, if it is a multicounty special district.
 - b. A majority of the county board of commissioners within the special district, if it is a single-county special district.
- (2) A public hearing is held on the question by the board or boards of commissioners at least 30 days before the date the election is to be held."

SECTION 10.13. G.S. 105-511.2(a) reads as rewritten:

"(a) Resolution. – The board of commissioners of a county may direct the county board of elections to conduct an advisory referendum within the county on the question of whether a local sales and use tax at the rate of one-quarter percent (1/4%) may be levied in accordance with this Part. The election shall be held on a date jointly agreed upon by the boards and shall be held on a date permitted by and in accordance with the procedures of G.S. 163-287. ~~An election to authorize the levy of a tax under this Part may be held only on one of the following dates: (i) Tuesday after the first Monday of November in the even-numbered year, the date of the general election under G.S. 163-1, (ii) the date of the primary election in the even-numbered year under G.S. 163-1(b), (iii) Tuesday after the first Monday in November of the odd-numbered year, or (iv) a date in September or October of the odd-numbered year as listed in G.S. 163-279(a)(2), (3), or (4) but only if at least one municipality in the county is holding a primary or election on that date.~~ The board of commissioners shall hold a public hearing on the question at least 30 days before the date the election is to be held."

SECTION 10.14. G.S. 105-537(b) reads as rewritten:

"(b) Vote. – The board of county commissioners may direct the county board of elections to conduct an advisory referendum on the question of whether to levy a local sales and use tax in the county as provided in this Article. The election shall be held on a date jointly agreed upon by the board of county commissioners and the board of elections and shall be held in accordance with the procedures of G.S. 163-287."

SECTION 10.15. G.S. 106-343 reads as rewritten:

"§ 106-343. Appropriations by counties; elections.

The several boards of county commissioners in the State are hereby expressly authorized and empowered to make such appropriations from the general funds of their county as will enable them to cooperate effectively with the state Department of Agriculture and Consumer Services and Federal Department of Agriculture in the eradication of tuberculosis in their respective counties: Provided, that if in 10 days after said appropriation is voted, one fifth of the qualified voters of the county petition the board of commissioners to submit the question of tuberculosis eradication or no tuberculosis eradication to the voters of the county, said commissioners shall submit such questions to said voters. Said election shall be held and conducted under ~~the rules and regulations provided for holding stock law elections in G.S. 68-16, 68-20 and 68-21.~~ G.S. 163-287. If at any such election a majority of the votes cast shall be in favor of said tuberculosis eradication, the said board shall record the result of the election upon its minutes, and cooperative tuberculosis eradication shall be taken up with the state Department of Agriculture and Consumer Services and Federal Department of Agriculture. If, however, a majority of the votes cast shall be adverse, then said board shall make no appropriation."

SECTION 10.16. G.S. 115C-501(h) reads as rewritten:

"(h) To Annex or Consolidate Areas or Districts from Contiguous Counties and to Provide a Supplemental School Tax in Such Annexed Areas or Consolidated Districts. – An election may be called in any districts or other school areas, from contiguous counties, as to whether the districts in one county shall be enlarged by annexing or consolidating therewith any adjoining districts, or other school area or areas from an adjoining county, and if a special or supplemental school tax is levied and collected in the districts of the county to which the territory is to be annexed or consolidated, whether upon such annexation or consolidation there shall be levied and collected in the territory to be annexed or consolidated the same special or supplemental tax for schools as is levied and collected in the districts in the other county. If such election carries, the said special or supplemental tax shall be collected pursuant to G.S. 115C-511 and remitted to the local school administrative unit on whose behalf such special and supplemental tax is already levied: ~~Provided, that notwithstanding the provisions of G.S. 115C-508, if the notice of election clearly so states, and the election shall be held prior to August 1, the annexation or consolidation shall be effective and the tax so authorized shall be levied and collected beginning with the fiscal year commencing July 1 next preceding such elections.~~ levied."

SECTION 10.17. G.S. 115C-501 is amended by adding a new subsection to read:

"(j) All elections called under this section shall be conducted in accordance with G.S. 163-287."

SECTION 10.18. G.S. 115D-33(d) reads as rewritten:

"(d) All elections shall be held in the same manner as elections held under Article 4, Chapter 159, of the General Statutes, the Local Government Bond Act, and ~~may be held at any time fixed by the tax levying authority of the administrative area or proposed administrative area of the institution for which such election is to be held.~~ shall be held on a date permitted by G.S. 163-287."

SECTION 10.19. G.S. 115D-35(a) reads as rewritten:

"(a) Formal requests for elections on the question of authority to appropriate nontax revenues or levy special taxes, or both, and to issue bonds, when such elections are to be held for the purpose of establishing an institution, shall be originated and submitted only in the following manner:

- (1) Proposed multiple-county administrative areas: Formal requests for elections may be submitted jointly by all county boards of education in the proposed administrative area, or by petition of fifteen percent (15%) of the number of qualified voters of the proposed area who voted in the last preceding election for Governor, to the boards of commissioners of all counties in the proposed area, who ~~may shall~~ fix the time for such election by joint resolution on a date permitted by G.S. 163-287, which shall be entered in the minutes of each board.
- (2) Proposed single-county administrative area: Formal requests shall be submitted by the board of education of any public school administrative unit within the county of the proposed administrative area or by petition of fifteen percent (15%) of the number of qualified voters of the county who voted in the last preceding election for Governor, to the board of

commissioners of the county of the proposed administrative area, who ~~may~~ shall fix the time for such election by resolution on a date permitted by G.S. 163-287, which shall be entered in the minutes of the board."

SECTION 10.20. G.S. 130A-69 reads as rewritten:

"(a) If after a sanitary district has been created or the provisions of this Part have been made applicable to a sanitary district, a petition signed by not less than fifteen percent (15%) of the resident freeholders within any territory contiguous to and adjoining the sanitary district may be presented to the sanitary district board requesting annexation of territory described in the petition. The sanitary district board shall send a copy of the petition to the board of commissioners of the county or counties in which the district is located and to the Department. The sanitary district board shall request that the Department hold a joint public hearing with the sanitary district board on the question of annexation. The Secretary and the chairperson of the sanitary district board shall name a time and place for the public hearing. The chairperson of the sanitary district board shall publish a notice of public hearing once in a newspaper or newspapers published or circulating in the sanitary district and the territory proposed to be annexed. The notice shall be published not less than 15 days prior to the hearing. If after the hearing, the Commission approves the annexation of the territory described in the petition, the Department shall advise the board or boards of commissioners of the approval. The board or boards of commissioners shall order and provide for the holding of a special election in accordance with G.S. 163-287 upon the question of annexation within the territory proposed to be annexed.

(b) If at or prior to the public hearing, a petition is filed with the sanitary district board signed by not less than fifteen percent (15%) of the freeholders residing in the sanitary district requesting an election be held on the annexation question, the sanitary district board shall send a copy of the petition to the board or boards of commissioners who shall order and provide for the submission of the question to the voters within the sanitary district. This election may be held on the same day as the election in the territory proposed to be annexed, and both elections and registrations may be held pursuant to a single notice. A majority of the votes cast is necessary for a territory to be annexed to a sanitary district.

(c) The election shall be held by the county board or boards of elections ~~as soon as possible~~ in accordance with G.S. 163-287 after the board or boards of commissioners orders the election. The cost of the election shall be paid by the sanitary district. Registration in the area proposed for annexation shall be under the same procedure as G.S. 163-288.2.

...."

SECTION 10.21. G.S. 139-39 reads as rewritten:

"§ 139-39. Alternative method of financing watershed improvement programs by special county tax.

The board of county commissioners in any county is authorized to call a special election to determine whether it be the will of the qualified voters of the county that they levy and cause to be collected annually, at the same time and in the same manner as the general county taxes are levied and collected, a special tax at a rate not to exceed twenty-five cents (25¢) on each one hundred dollars (\$100.00) valuation of property in said county, to be known as a "Watershed Improvement Tax," the funds therefrom, if the levy be authorized by the voters of said county, to be used for the prevention of flood water and sediment damages, and for furthering the conservation, utilization and disposal of water and the development of water resources. Any special election shall be conducted in accordance with G.S. 163-287."

SECTION 10.22. G.S. 147-69.6(f) reads as rewritten:

"(f) The Board of Commissioners of Swain County may direct the Swain County Board of Elections to conduct an advisory referendum on the question of whether any portion of the principal of the Fund should be disbursed to and expended by the county for a particular purpose. The election shall be held ~~on a date jointly agreed upon by the two boards, which may be the same day as any other referendum or election in the county, but may not otherwise be during the period beginning 30 days before and ending 30 days after the day of any other referendum or election to be conducted by the board of elections and already validly called or scheduled by law.~~ The election shall be held in accordance with the procedures of G.S. 163-287. The question to be presented on the ballot shall disclose the specific purpose proposed for expenditure of the principal investment of the Trust Fund and the amount proposed for expenditure."

SECTION 10.23. G.S. 153A-60 reads as rewritten:

"§ 153A-60. Initiation of alterations by resolution.

The board of commissioners shall initiate any alteration in the structure of the board by adopting a resolution. The resolution shall:

- (1) Briefly but completely describe the proposed alterations;
- (2) Prescribe the manner of transition from the existing structure to the altered structure;
- (3) Define the electoral districts, if any, and apportion the members among the districts;
- (4) Call a special referendum on the question of adoption of the alterations. The referendum shall be held and conducted by the county board of elections. The referendum may be held only on a date permitted by G.S. 163-287. ~~at the same time as any other state, county or municipal primary, election, special election or referendum, or on any date set by the board of county commissioners, provided, that such referendum shall not be held within the period of time beginning 60 days before and ending 60 days after any other primary, election, special election or referendum held in the county.~~

Upon its adoption, the resolution shall be published in full."

SECTION 10.24. G.S. 153A-405(a) reads as rewritten:

"(a) If authorized to do so by the concurrent resolutions that established it, a commission may call a referendum on its proposed plan of governmental consolidation. If authorized or directed in the concurrent resolutions, the ballot question may include the assumption of debt secured by a pledge of faith and credit language and may also include the assumption of the right to issue authorized but unissued faith and credit debt language as provided in subsection (b) of this section. ~~The referendum may be held on the same day as any other referendum or election in the county or counties involved, but may not otherwise be held during the period beginning 30 days before and ending 30 days after the day of any other referendum or election to be conducted by the board or boards of elections conducting the referendum and already validly called or scheduled by law.~~ shall be held in accordance with G.S. 163-287."

SECTION 10.25. G.S. 158-16 reads as rewritten:

"§ 158-16. Board of commissioners may call tax election; rate and purposes of tax.

The board of county commissioners in any county is authorized and empowered to call a special election to determine whether it be the will of the qualified voters of said county that they levy and cause to be collected annually, at the same time and in the same manner as the general county taxes are levied and collected, a special tax at a rate not to exceed five cents (5¢) on each one hundred dollars (\$100.00) valuation of property in said county, to be known as an "industrial development tax," the funds therefrom, if the levy be authorized by the voters of said county, to be used for the purpose of attracting new and diversified industries to said county, and for the encouragement of new business and industrial ventures by local as well as foreign capital, and for the purpose of aiding and encouraging the location of manufacturing enterprises, making industrial surveys and locating industrial plants in said county, and for the purpose of encouraging agricultural development in said county. Any special election shall be conducted in accordance with G.S. 163-287."

SECTION 10.26. G.S. 159-61(b) reads as rewritten:

"(b) The date of a bond referendum shall be fixed by the governing board, but shall not be more than one year after adoption of the bond ~~order, order, only on a date permitted by G.S. 163-287.~~ The governing board may call a special referendum for the purpose of voting on a bond issue on any day, including the day of any regular or special election held for another purpose (unless the law under which the bond referendum or other election is held specifically prohibits submission of other questions at the same time). A special bond referendum may not be held within 30 days before or 10 days after a statewide primary, election, or referendum, or within 30 days before or 10 days after any other primary, election, or referendum to be held in the same unit holding the bond referendum and already validly called or scheduled by law at the time the bond referendum is called. The clerk shall mail or deliver a certified copy of the resolution calling a special bond referendum to the board of elections that is to conduct it within three days after the resolution is adopted, but failure to observe this requirement shall not in any manner affect the validity of the referendum or bonds issued pursuant thereto. Bond referenda shall be conducted by the board of elections conducting regular elections of the county, city, or special district. ~~In fixing the date of a bond referendum, the governing board shall consult the board of elections in order that the referendum shall not unduly interfere with~~

~~other elections already scheduled or in process. Several bond orders or other matters may be voted upon at the same referendum."~~

SECTION 10.27. G.S. 160A-103 reads as rewritten:

"§ 160A-103. Referendum on charter amendments by ordinance.

An ordinance adopted under G.S. 160A-102 that is not made effective upon approval by a vote of the people shall be subject to a referendum petition. Upon receipt of a referendum petition bearing the signatures and residence addresses of a number of qualified voters of the city equal to at least 10 percent of the whole number of voters who are registered to vote in city elections according to the most recent figures certified by the State Board of Elections or 5,000, whichever is less, the council shall submit an ordinance adopted under G.S. 160A-102 to a vote of the people. The date of the special election shall be fixed at on a date permitted by G.S. 163-287. ~~not more than 120 nor fewer than 60 days after receipt of the petition.~~ A referendum petition shall be addressed to the council and shall identify the ordinance to be submitted to a vote. A referendum petition must be filed with the city clerk not later than 30 days after publication of the notice of adoption of the ordinance."

SECTION 10.28. G.S. 160A-104 reads as rewritten:

"§ 160A-104. Initiative petitions for charter amendments.

The people may initiate a referendum on proposed charter amendments. An initiative petition shall bear the signatures and resident addresses of a number of qualified voters of the city equal to at least ten percent (10%) of the whole number of voters who are registered to vote in city elections according to the most recent figures certified by the State Board of Elections or 5,000, whichever is less. The petition shall set forth the proposed amendments by describing them briefly but completely and with reference to the pertinent provisions of G.S. 160A-101, but it need not contain the precise text of the charter amendments necessary to implement the proposed changes. The petition may not propose changes in the alternative, or more than one integrated set of charter amendments. Upon receipt of a valid initiative petition, the council shall call a special election on the question of adopting the charter amendments proposed therein, and shall give public notice thereof in accordance with G.S. 163-287. The date of the special election shall be fixed at on a date permitted by G.S. 163-287. ~~not more than 120 nor fewer than 60 days after receipt of the petition.~~ If a majority of the votes cast in the special election shall be in favor of the proposed changes, the council shall adopt an ordinance amending the charter to put them into effect. Such an ordinance shall not be subject to a referendum petition. No initiative petition may be filed (i) between the time the council initiates proceedings under G.S. 160A-102 by publishing a notice of hearing on proposed charter amendments and the time proceeding under that section have been carried to a conclusion either through adoption or rejection of a proposed ordinance or lapse of time, nor (ii) within one year and six months following the effective date of an ordinance amending the city charter pursuant to this Article, nor (iii) within one year and six months following the date of any election on charter amendments that were defeated by the voters.

The restrictions imposed by this section on filing initiative petitions shall apply only to petitions concerning the same subject matter. For example, pendency of council action on amendments concerning the method of electing the council shall not preclude an initiative petition on adoption of the council-manager form of government.

Nothing in this section shall be construed to prohibit the submission of more than one proposition for charter amendments on the same ballot so long as no proposition offers a different plan under the same option as another proposition on the same ballot."

SECTION 10.29. G.S. 160A-583 reads as rewritten:

"§ 160A-583. Funds.

The establishment and operation of a transportation authority as herein authorized are governmental functions and constitute a public purpose, and the municipality is hereby authorized to appropriate funds to support the establishment and operation of the transit authority. The municipality may also dedicate, sell, convey, donate or lease any of its interest in any property to the authority. Further, the authority is hereby authorized to establish such license and regulatory fees and charges as it may deem appropriate, subject to the approval of the governing body of the municipality. If the governing body finds that the funds otherwise available are insufficient, it may call a special election without a petition and submit to the qualified voters of the municipality the question of whether or not a special tax shall be levied and/or bonds issued, specifying the maximum amount thereof, for the purpose of acquiring

lands, buildings, equipment and facilities and for the operations of the transit authority. Any special election shall be conducted in accordance with G.S. 163-287."

SECTION 10.30. G.S. 162A-68(d) reads as rewritten:

"(d) If, at or prior to such public hearing, there shall be filed with the district board a petition, signed by not less than ten per centum (10%) of the qualified voters residing in the district, requesting an election to be held therein on the question of including the political subdivision or unincorporated area, the district board shall certify a copy of such petition to the board or boards of commissioners, and the board or boards of commissioners shall request the county board or boards of elections to submit such question to the qualified voters within the district in accordance with G.S. 163-287 and the other applicable provisions of Chapter 163 of the General Statutes; provided, that the election shall not be held unless the Environmental Management Commission has adopted a resolution approving the inclusion of the political subdivision or unincorporated area in the district.

Notice of such election, which shall contain a statement of the boundaries of the territory proposed to be included in the district and the boundaries of the district after inclusion, shall be given by publication once a week for three successive weeks in a newspaper or newspapers having general circulation within the district, the first publication to be at least 30 days prior to the election."

SECTION 10.31. G.S. 162A-77.1 reads as rewritten:

"§ 162A-77.1. Special election upon the question of the merger of metropolitan sewerage districts into cities or towns.

Any district lying entirely within the corporate limits of a city or town may be merged into such city or town in accordance with the provisions of this section.

The governing body of a city or town, with the approval of the district board, shall call and conduct a special election within such city or town on the question of the merger of the district into the city or town. A vote in favor of such merger shall constitute a vote for such city or town to assume the obligations of the district. Such special election may be called and conducted by the governing body of a city or town upon its own motion after passage of a resolution of the district board requesting or approving the special election. Any special election shall be conducted in accordance with G.S. 163-287.

A new registration of voters shall not be required for the special election. The special election shall be conducted in accordance with the provisions of law applicable to regular elections in the city or town.

If a majority of the votes are in favor of the merger, then:

- (1) All property, real and personal and mixed, including accounts receivable, belonging to such district shall vest in, belong to, and be the property of, such city or town. All district boards are hereby authorized to take such actions and to execute such documents as will carry into effect the provisions and the intent of this section.
- (2) All judgments, liens, rights of liens, and causes of action of any nature in favor of such district shall vest in and remain and inure to the benefit of such city or town.
- (3) All taxes, assessments, sewer charges, and any other debts, charges or fees, owing to such district shall be owed to and collected by such city or town.
- (4) All actions, suits and proceedings pending against, or having been instituted by, such district shall not be abated by this section or by the merger herein provided for, but all such actions, suits, and proceedings shall be continued and completed in the same manner as if merger had not occurred, and such city or town shall be a party to all such actions, suits, and proceedings in the place and stead of the district and shall pay or cause to be paid any judgments rendered against the district in any such actions, suits, or proceedings. No new process need be served in any such action, suit, or proceeding.
- (5) All obligations of the district, including outstanding indebtedness, shall be assumed by such city or town, and all such obligations and outstanding indebtedness shall constitute obligations and indebtedness of such city or town, and the full faith and credit of such city or town shall be deemed to be pledged for the punctual payment of the principal of and the interest on any general obligation bonds or bond anticipation notes of such district, and all

the taxable property within such city or town, as well as that formerly located within the district, shall be and remain subject to taxation for such payment.

- (6) All ordinances, rules, regulations, and policies of such district shall continue in full force and effect until repealed or amended by the governing body of such city or town.
- (7) Such district shall be abolished, and shall no longer be constituted a public body or a body politic and corporate, except for the purposes of carrying into effect the provisions and the intent of this section.

If a majority of the votes are against the merger, then such merger shall not be effective unless approved by a majority of the qualified voters who vote thereon in a subsequent special election conducted under authority of this section.

Any action or proceeding in any court to set aside a special election held under authority of this section or the result thereof, or to obtain any other relief upon the ground that such election or any proceeding or action taken with respect to the holding of such election is invalid, must be commenced within 30 days after the day of such special election. After the expiration of such period of limitation, no right of action or defense founded upon the invalidity of the election or the result thereof shall be asserted, nor shall the validity of the election or of the result thereof be open to question in any court upon any ground whatever, except in an action or proceeding commenced within such period."

SECTION 10.32. This Part becomes effective January 1, 2014, and applies to special elections held on or after that date.

PART 11. POLL OBSERVERS

SECTION 11.1. G.S. 163-45 reads as rewritten:

"§ 163-45. Observers; appointment.

(a) The chair of each political party in the county shall have the right to designate two observers to attend each voting place at each primary and election and such observers may, at the option of the designating party chair, be relieved during the day of the primary or election after serving no less than four hours and provided the list required by this section to be filed by each chair contains the names of all persons authorized to represent such chair's political party. The chair of each political party in the county shall have the right to designate 10 additional at-large observers who are residents of that county who may attend any voting place in that county. The list submitted by the chair of the political party may be amended between the one-stop period under G.S. 163-227.2 and general election day to substitute one or all at-large observers for election day. Not more than two observers from the same political party shall be permitted in the voting enclosure at any time, except that in addition one of the at-large observers from each party may also be in the voting enclosure. This right shall not extend to the chair of a political party during a primary unless that party is participating in the primary. In any election in which an unaffiliated candidate is named on the ballot, the candidate or the candidate's campaign manager shall have the right to appoint two observers for each voting place consistent with the provisions specified herein. Persons appointed as observers must be registered voters of the county for which appointed and must have good moral character. No person who is a candidate on the ballot in a primary or election may serve as an observer or runner in that primary or election. Observers shall take no oath of office.

(b) Individuals authorized to appoint observers must submit in writing to the chief judge of each precinct a signed list of the observers appointed for that ~~precinct-precinct~~, except that the list of at-large observers authorized in subsection (a) of this section shall be submitted to the county director of elections. Individuals authorized to appoint observers must, prior to 10:00 A.M. on the fifth day prior to any primary or general election, submit in writing to the chair of the county board of elections two signed copies of a list of observers appointed by them, designating the precinct or at-large status for which each observer is appointed. Before the opening of the voting place on the day of a primary or general election, the chair shall deliver one copy of the list to the chief judge for each affected ~~precinct-precinct~~, except that the list of at-large observers shall be provided by the county director of elections to the chief judge. The chair shall retain the other copy. The chair, or the chief judge and judges for each affected precinct, may for good cause reject any appointee and require that another be appointed. The names of any persons appointed in place of those persons rejected shall be furnished in writing to the chief judge of each affected precinct no later than the time for opening the voting ~~place~~

on the day of any primary or general election, either by the chair of the county board of elections or the person making the substitute appointment.

If party chairs appoint observers at one-stop sites under G.S. 163-227.2, those party chairs shall provide a list of the observers appointed before 10:00 A.M. on the fifth day before the observer is to observe. At-large observers may serve at any one-stop site.

(c) An observer shall do no electioneering at the voting place, and shall in no manner impede the voting process or interfere or communicate with or observe any voter in casting a ballot, but, subject to these restrictions, the chief judge and judges of elections shall permit the observer to make such observation and take such notes as the observer may desire.

(d) Whether or not the observer attends to the polls for the requisite time provided by this section, each observer shall be entitled to obtain at times specified by the State Board of Elections, but not less than three times during election day with the spacing not less than one hour apart, a list of the persons who have voted in the precinct so far in that election day. Counties that use an "authorization to vote document" instead of poll books may comply with the requirement in the previous sentence by permitting each observer to inspect election records so that the observer may create a list of persons who have voted in the precinct so far that election day; each observer shall be entitled to make the inspection at times specified by the State Board of Elections, but not less than three times during election day with the spacing not less than one hour apart.

Instead of having an observer receive the voting list, the county party chair may send a runner to do so, even if an observer has not been appointed for that precinct. The runner may be the precinct party chair or any person named by the county party chair. Each county party chair using runners in an election shall provide to the county board of elections before 10:00 A.M. on the fifth day before election day a list of the runners to be used. That party chair must notify the chair of the county board of elections or the board chair's designee of the names of all runners to be used in each precinct before the runner goes to the precinct. The runner may receive a voter list from the precinct on the same schedule as an observer. Whether obtained by observer or runner, each party is entitled to only one voter list at each of the scheduled times. No runner may enter the voting enclosure except when necessary to announce that runner's presence and to receive the list. The runner must leave immediately after being provided with the list."

SECTION 11.2. The Joint Legislative Elections Oversight Committee shall study a bill of rights for election observers to guarantee their right to help assist proper voting while ensuring proper protection for voters and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014 and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 12. ELIMINATION OF PREREGISTRATION

SECTION 12.1.(a) G.S. 163-82.1(d) is repealed.

SECTION 12.1.(b) G.S. 163-82.3(a)(5) is repealed.

SECTION 12.1.(c) G.S. 163-82.4(d) reads as rewritten:

"(d) Citizenship and Age Questions. – Voter registration application forms shall include all of the following:

(1) The following question and statement:

- a. "Are you a citizen of the United States of America?" and boxes for the applicant to check to indicate whether the applicant is or is not a citizen of the United States.
- b. "If you checked 'no' in response to this question, do not submit this form."

(2) The following ~~questions~~ question and statement:

- a. "Will you be 18 years of age on or before election day?" and boxes for the applicant to check to indicate whether the applicant will be 18 years of age or older on election day.
- ~~b. "Are you at least 16 years of age and understand that you must be 18 years of age on or before election day to vote?" and boxes for the applicant to check to indicate whether the applicant is at least 16 years of age and understands that the applicant must be at least 18 years of age or older by election day to vote.~~

- c. "If you checked 'no' in response to ~~both of these questions, this question,~~ do not submit this form."

SECTION 12.1.(d) G.S. 163-82.23 reads as rewritten:

"§ 163-82.23. Voter registration at public high schools.

Every public high school shall make available to its students and others who are eligible to register ~~and preregister~~ to vote the application forms described in G.S. 163-82.3, and shall keep a sufficient supply of the forms so that they are always available. A local board of education may, but is not required to, designate high school employees to assist in completing the forms. Only employees who volunteer for this duty may be designated by boards of education."

SECTION 12.1.(e) G.S. 163-82.19(a) reads as rewritten:

"(a) Voter Registration at Drivers License Offices. – The Division of Motor Vehicles shall, pursuant to the rules adopted by the State Board of Elections, modify its forms so that any eligible person who applies for original issuance, renewal or correction of a drivers license, or special identification card issued under G.S. 20-37.7 may, on a part of the form, complete an application to register to vote, or to update the voter's registration if the voter has changed his or her address or moved from one precinct to another or from one county to ~~another, or to preregister to vote, another.~~ The person taking the application shall ask if the applicant is a citizen of the United States. If the applicant states that the applicant is not a citizen of the United States, or declines to answer the question, the person taking the application shall inform the applicant that it is a felony for a person who is not a citizen of the United States to apply to register to vote. Any person who willfully and knowingly and with fraudulent intent gives false information on the application is guilty of a Class I felony. The application shall state in clear language the penalty for violation of this section. The necessary forms shall be prescribed by the State Board of Elections. The form must ask for the previous voter registration address of the voter, if any. If a previous address is listed, and it is not in the county of residence of the applicant, the appropriate county board of elections shall treat the application as an authorization to cancel the previous registration and also process it as such under the procedures of G.S. 163-82.9. If a previous address is listed and that address is in the county where the voter applies to register, the application shall be processed as if it had been submitted under G.S. 163-82.9.

Registration shall become effective as provided in G.S. 163-82.7. Applications to register to vote accepted at a drivers license office under this section until the deadline established in G.S. 163-82.6(c)(2) shall be treated as timely made for an election, and no person who completes an application at that drivers license office shall be denied the vote in that election for failure to apply earlier than that deadline.

All applications shall be forwarded by the Department of Transportation to the appropriate board of elections not later than five business days after the date of acceptance, according to rules which shall be promulgated by the State Board of Elections. Those rules shall provide for a paperless, instant, electronic transfer of applications to the appropriate board of elections. ~~Applications for preregistration to vote shall be forwarded to the State Board of Elections."~~

SECTION 12.1.(f) G.S. 163-82.20 reads as rewritten:

"§ 163-82.20. Voter registration at other public agencies.

(a) Voter Registration Agencies. – Every office in this State which accepts:

- (1) Applications for a program of public assistance under Article 2 of Chapter 108A of the General Statutes or under Article 13 of Chapter 130A of the General Statutes;
- (2) Applications for State-funded State or local government programs primarily engaged in providing services to persons with disabilities, with such office designated by the State Board of Elections; or
- (3) Claims for benefits under Chapter 96 of the General Statutes, the Employment Security Law, is designated as a voter registration agency for purposes of this section.

(b) Duties of Voter Registration Agencies. – A voter registration agency described in subsection (a) of this section shall, unless the applicant declines, in writing, to register ~~or preregister~~ to vote:

- (1) Distribute with each application for service or assistance, and with each recertification, renewal, or change of address relating to such service or assistance:

- a. The voter registration application form described in G.S. 163-82.3(a) or (b); or
 - b. The voter registration agency's own form, if it is substantially equivalent to the form described in G.S. 163-82.3(a) or (b) and has been approved by the State Board of Elections, provided that the agency's own form may be a detachable part of the agency's paper application or may be a paperless computer process, as long as the applicant is required to sign an attestation as part of the application to ~~register or preregister~~ register.
- (2) Provide a form that contains the elements required by section 7(a)(6)(B) of the National Voter Registration Act; and
 - (3) Provide to each applicant who does not decline to register ~~or preregister~~ to vote the same degree of assistance with regard to the completion of the registration application as is provided by the office with regard to the completion of its own forms.
- (c) Provided that voter registration agencies designated under subdivision (a)(3) of this section shall only be required to provide the services set out in this subsection to applicants for new claims, reopened claims, and changes of address under Chapter 96 of the General Statutes, the Employment Security Law.
- (d) Home Registration for Disabled. – If a voter registration agency provides services to a person with disability at the person's home, the voter registration agency shall provide the services described in subsection (b) of this section at the person's home.
- (e) Prohibitions. – Any person providing any service under subsection (b) of this section shall not:
- (1) Seek to influence an applicant's political preference or party registration, except that this shall not be construed to prevent the notice provided by G.S. 163-82.4(c) to be given if the applicant refuses to declare his party affiliation;
 - (2) Display any such political preference or party allegiance;
 - (3) Make any statement to an applicant or take any action the purpose or effect of which is to discourage the applicant from registering ~~or preregistering~~ to vote; or
 - (4) Make any statement to an applicant or take any action the purpose or effect of which is to lead the applicant to believe that a decision to register ~~or preregister~~ or not to register ~~or preregister~~ has any bearing on the availability of services or benefits.
- (f) Confidentiality of Declination to Register. – No information relating to a declination to register ~~or preregister~~ to vote in connection with an application made at a voter registration agency may be used for any purpose other than voter registration.
- (g) Transmittal From Agency to Board of Elections. – Any voter registration ~~or preregistration~~ application completed at a voter registration agency shall be accepted by that agency in lieu of the applicant's mailing the application. Any such application so received shall be transmitted to the appropriate board of elections not later than five business days after acceptance, according to rules which shall be promulgated by the State Board of Elections.
- (h) Twenty-Five-Day Deadline for an Election. – Applications to register accepted by a voter registration agency shall entitle a registrant to vote in any primary, general, or special election unless the registrant shall have made application later than the twenty-fifth calendar day immediately preceding such primary, general, or special election, provided that nothing shall prohibit voter registration agencies from continuing to accept applications during that period.
- (i) Ineligible Applications Prohibited. – No person shall make application to register ~~or preregister~~ to vote under this section if that person is ineligible on account of age, citizenship, lack of residence for the period of time provided by law, or because of conviction of a felony."

SECTION 12.1.(g) G.S. 115C-81(g1)(1) reads as rewritten:

- "(1) The State Board of Education shall modify the high school social studies curriculum to include instruction in civic and citizenship education. The State Board of Education is strongly encouraged to include, at a minimum, the following components in the high school civic and citizenship education curriculum:

- a. That students write to a local, State, or federal elected official about an issue that is important to them;
- b. Instruction on the importance of voting and otherwise participating in the democratic process, including instruction on voter ~~registration and preregistration~~; registration;
- c. Information about current events and governmental structure; and
- d. Information about the democratic process and how laws are made."

SECTION 12.1.(h) G.S. 115C-47(59) reads as rewritten:

"(59) To Encourage Student Voter ~~Registration and Preregistration~~. Registration. – Local boards of education are encouraged to adopt policies to promote student voter ~~registration and preregistration~~. registration. These policies may include collaboration with county boards of elections to conduct voter registration and preregistration in high schools. Completion and submission of voter registration ~~or preregistration~~ forms shall not be a course requirement or graded assignment for students."

SECTION 12.1.(i) The Department of Public Instruction is encouraged to improve outreach to high school students on registering to vote when they are eligible, including the curriculum element on instruction in voter registration already provided by G.S. 115C-47(59) and voter registration in public high schools as already allowed by G.S. 163-82.23.

SECTION 12.1.(j) This section becomes effective September 1, 2013. All voter preregistrations completed and received by the State Board prior to that date shall be processed and those voters registered, as appropriate.

PART 13. "WET INK" ON VOTER REGISTRATION FORMS

SECTION 13.1. G.S. 163-82.6(b) reads as rewritten:

"(b) Signature. – The form shall be valid only if signed by the applicant. An electronically captured signature, including signatures on applications generated by computer programs of third-party groups, shall not be valid on a voter registration form, except as provided in Article 21A of this Chapter. An ~~Notwithstanding the provisions of this subsection, an~~ electronically captured image of the signature of a voter on an electronic voter registration form offered by a State agency shall be considered a valid signature for all purposes for which a signature on a paper voter registration form is used."

PART 14. COMPENSATION FOR VOTER REGISTRATION LIMITED

SECTION 14.1. G.S. 163-274(a) is amended by adding a new subdivision to read:

"(14) For any person to be compensated based on the number of forms submitted for assisting persons in registering to vote."

PART 16. ELIMINATE SAME-DAY VOTER REGISTRATION

SECTION 16.1. The subsections of G.S. 163-82.6A, other than subsection (e), are repealed.

SECTION 16.1A. The catch line of G.S. 163-82.6A reads as rewritten:

"§ 163-82.6A. ~~In-person registration and voting~~ Address and name changes at one-stop sites."

SECTION 16.2. G.S. 163-59 reads as rewritten:

"§ 163-59. **Right to participate or vote in party primary.**

No person shall be entitled to vote or otherwise participate in the primary election of any political party unless that person complies with all of the following:

- (1) Is a registered voter.
- (2) Has declared and has had recorded on the registration book or record the fact that the voter affiliates with the political party in whose primary the voter proposes to vote or participate.
- (3) Is in good faith a member of that party.

Notwithstanding the previous paragraph, any unaffiliated voter who is authorized under G.S. 163-119 may also vote in the primary if the voter is otherwise eligible to vote in that primary except for subdivisions (2) and (3) of the previous paragraph.

Any person who will become qualified by age to register and vote in the general election for which the primary is held, even though not so qualified by the date of the primary, shall be entitled to register for the primary and general election prior to the primary and then to vote in

the primary after being registered. Such person may register not earlier than 60 days nor later than the last day for making application to register under G.S. 163-82.6(c) prior to the primary. In addition, persons who will become qualified by age to register and vote in the general election for which the primary is held, who do not register during the special period may register to vote after such period as if they were qualified on the basis of age, but until they are qualified by age to vote, they may vote only in primary elections. ~~Such a person also may register and vote in the primary and general election pursuant to G.S. 163-82.6A(f)."~~

SECTION 16.3. G.S. 163-82.6(c) reads as rewritten:

"(c) Registration Deadlines for a Primary or Election. – In order to be valid for a primary or election, ~~except as provided in G.S. 163-82.6A,~~ the form:

- (1) If submitted by mail, must be postmarked at least 25 days before the primary or election, except that any mailed application on which the postmark is missing or unclear is validly submitted if received in the mail not later than 20 days before the primary or election,
- (2) If submitted in person, by facsimile transmission, or by transmission of a scanned document, must be received by the county board of elections by a time established by that board, but no earlier than 5:00 P.M., on the twenty-fifth day before the primary or election,
- (3) If submitted through a delegatee who violates the duty set forth in subsection (a) of this section, must be signed by the applicant and given to the delegatee not later than 25 days before the primary or election, except as provided in subsection (d) of this section."

SECTION 16.4. G.S. 163-166.12(b2) reads as rewritten:

"(b2) Voting When Identification Numbers Do Not Match. – Regardless of whether an individual has registered by mail or by another method, if the individual has provided with the registration form a drivers license number or last four digits of a Social Security number but the computer validation of the number as required by G.S. 163-82.12 did not result in a match, and the number has not been otherwise validated by the board of elections, in the first election in which the individual votes that individual shall submit with the ballot the form of identification described in subsection (a) or subsection (b) of this section, depending upon whether the ballot is voted in person or absentee. If that identification is provided and the board of elections does not determine that the individual is otherwise ineligible to vote a ballot, the failure of identification numbers to match shall not prevent that individual from registering to vote and having that individual's vote counted. ~~If the individual registers and votes under G.S. 163-82.6A, the identification documents required in that section, rather than those described in subsection (a) or (b) of this section, apply."~~

SECTION 16.5. G.S. 163-227.2(a) reads as rewritten:

"(a) Any voter eligible to vote by absentee ballot under G.S. 163-226 may request an application for absentee ballots, complete the application, and vote under the provisions of this section ~~and of G.S. 163-82.6A, as applicable section.~~"

SECTION 16.6. G.S. 163-283 reads as rewritten:

"§ 163-283. Right to participate or vote in party primary.

No person shall be entitled to vote or otherwise participate in the primary election of any political party unless that person complies with all of the following:

- (1) Is a registered voter.
- (2) Has declared and has had recorded on the registration book or record the fact that the voter affiliates with the political party in whose primary the voter proposes to vote or participate.
- (3) Is in good faith a member of that party.

Notwithstanding the previous paragraph, any unaffiliated voter who is authorized under G.S. 163-119 may also vote in the primary if the voter is otherwise eligible to vote in that primary except for subdivisions (2) and (3) of the previous paragraph.

Any person who will become qualified by age to register and vote in the general election for which the primary is held, even though not so qualified by the date of the primary election, shall be entitled to register while the registration books are open during the regular registration period prior to the primary and then to vote in the primary after being registered, provided however, under full-time and permanent registration, such an individual may register not earlier than 60 days nor later than the last day for making application to register under

register and vote in the general election for which the primary is held, who do not register during the special period may register to vote after such period as if they were qualified on the basis of age, but until they are qualified by age to vote, they may vote only in primary elections. ~~Such a person also may register and vote in the primary and general election pursuant to G.S. 163-82.6A(f).~~"

SECTION 16.7. G.S. 163-283.1 reads as rewritten:

"§ 163-283.1. Voting in nonpartisan primary.

Any person who will become qualified by age to register and vote in the general election for which a nonpartisan primary is held, even though not so qualified by the date of the primary, shall be entitled to register for the primary and general election prior to the primary and then to vote in the primary after being registered. Such a person may register not earlier than 60 days nor later than the last day for making application to register under G.S. 163-82.6(c) prior to the primary. ~~Such a person also may register and vote in the primary and general election pursuant to G.S. 163-82.6A(f).~~"

SECTION 16.8. G.S. 163-330 reads as rewritten:

"§ 163-330. Voting in primary.

Any person who will become qualified by age to register and vote in the general election for which the primary is held, even though not so qualified by the date of the primary, shall be entitled to register for the primary and general election prior to the primary and then to vote in the primary after being registered. Such person may register not earlier than 60 days nor later than the last day for making application to register under G.S. 163-82.6(c) prior to the primary. ~~Such a person also may register and vote in the primary and general election pursuant to G.S. 163-82.6A(f).~~"

PART 17. ENHANCE DELIVERY OF MILITARY AND OVERSEAS ABSENTEE BALLOTS FOR PRESIDENTIAL ELECTIONS WHEN PRESIDENTIAL NOMINATING CONVENTIONS CONCLUDE AFTER LABOR DAY

SECTION 17.(a) G.S. 163-227.3 reads as rewritten:

"§ 163-227.3. Date by which absentee ballots must be available for voting.

(a) A board of elections shall provide absentee ballots of the kinds needed 60 days prior to the statewide general election in even-numbered years and 50 days prior to the date on which any other election shall be conducted, unless 45 days is authorized by the State Board of Elections under G.S. 163-22(k) or there shall exist an appeal before the State Board or the courts not concluded, in which case the board shall provide the ballots as quickly as possible upon the conclusion of such an appeal. Provided, in a presidential election year, the board of elections shall provide general election ballots no later than three days after nomination of the presidential and vice presidential candidates if that nomination occurs later than 63 days prior to the statewide general election and makes compliance with the 60-day deadline impossible. However, in the case of municipal elections, absentee ballots shall be made available no later than 30 days before an election. In every instance the board of elections shall exert every effort to provide absentee ballots, of the kinds needed by the date on which absentee voting is authorized to commence.

(b) Second Primary. – The board of elections shall provide absentee ballots, of the kinds needed, as quickly as possible after the ballot information for a second primary has been determined."

SECTION 17.(b) G.S. 163-258.9(a) reads as rewritten:

"(a) Not later than 60 days before the statewide general election in even-numbered years and not later than 50 days before any other election, the county board of elections shall transmit a ballot and balloting materials to all covered voters who by that date submit a valid military-overseas ballot application, except for a second primary. Provided, in a presidential election year, the board of elections shall provide general election ballots no later than three days after nomination of the presidential and vice presidential candidates if that nomination occurs later than 63 days prior to the statewide general election and makes compliance with the 60-day deadline impossible. However, in the case of municipal elections, absentee ballots shall be made available no later than 30 days before an election. For a second primary which includes a candidate for federal office, the county board of elections shall transmit a ballot and balloting material to all covered voters who by that date submit a valid military-overseas ballot application no later than 45 days before the second primary. For a second primary which does not include a candidate for federal office, the transmission of the ballot and ballot materials

shall be as soon as practicable and shall be transmitted electronically no later than three business days and by mail no later than 15 days from the date the appropriate board of elections orders that the second primary be held pursuant to G.S. 163-111. If additional offices are added to the ballot to fill a vacancy occurring after the deadline provided by this subsection, those ballots shall be transmitted as soon as practicable."

PART 18. LIST MAINTENANCE/INTERSTATE AGREEMENTS TO IMPROVE VOTER ROLLS

SECTION 18.1. G.S. 163-82.14(a) reads as rewritten:

"(a) Uniform Program. – The State Board of Elections shall adopt a uniform program that makes a ~~reasonable effort~~; diligent effort not less than twice each year:

- (1) To remove the names of ineligible voters from the official lists of eligible voters, and
- (2) To update the addresses and other necessary data of persons who remain on the official lists of eligible voters.

That program shall be nondiscriminatory and shall comply with the provisions of the Voting Rights Act of 1965, as amended, and with the provisions of the National Voter Registration Act. The State Board of Elections, in addition to the methods set forth in this section, may use other methods toward the ends set forth in subdivisions (1) and (2) of this subsection, including address-updating services provided by the Postal Service, and entering into data sharing agreements with other states to cross-check information on voter registration and voting records. Any data sharing agreement shall require the other state or states to comply with G.S. 163-82.10 and G.S. 163-82.10B. Each county board of elections shall conduct systematic efforts to remove names from its list of registered voters in accordance with this section and with the program adopted by the State Board. The county boards of elections shall complete their list maintenance mailing program by April 15 of every odd-numbered year, unless the State Board of Elections approves a different date for the county."

SECTION 18.2. The State Board of Elections shall actively seek ways to share and cross-check information on voting records and voter registration with other states to improve the accuracy of voter registration lists, using resources such as the Electronic Registration Information Center and by entering into interstate compacts for this purpose.

SECTION 18.3. This Part is effective when it becomes law.

PART 19. NO MANDATED VOTER REGISTRATION DRIVE

SECTION 19.1. G.S. 163-82.25 is repealed.

PART 20. VOTER RECORDS ACCESS CLARIFICATION AND CHALLENGES

SECTION 20.1. G.S. 163-84 reads as rewritten:

"§ 163-84. Time for challenge other than on day of primary or election.

The registration records of each county shall be open to inspection by any registered voter of the ~~county~~, State, including any chief judge or judge of elections, during the normal business hours of the county board of elections on the days when the board's office is open. At those times the right of any person to register, remain registered, or vote shall be subject to objection and challenge."

SECTION 20.2. G.S. 163-87 reads as rewritten:

"§ 163-87. Challenges allowed on day of primary or election.

On the day of a primary or election, at the time a registered voter offers to vote, any other registered voter of the ~~precinct~~county may exercise the right of challenge, and when he does so may enter the voting enclosure to make the challenge, but he shall retire therefrom as soon as the challenge is heard.

On the day of a primary or election, any other registered voter of the ~~precinct~~county may challenge a person for one or more of the following reasons:

- (1) One or more of the reasons listed in G.S. 163-85(c).
- (2) That the person has already voted in that primary or election.
- (3) Repealed by Session Laws 2009-541, s. 16.1(b), effective August 28, 2009.
- (4) If the challenge is made with respect to voting in a partisan primary, that the person is a registered voter of another political party.

The chief judge, judge, or assistant appointed under G.S. 163-41 or 163-42 may enter challenges under this section against voters in the precinct for which appointed regardless of the place of residence of the chief judge, judge, or assistant.

If a person is challenged under this subsection, and the challenge is sustained under G.S. 163-85(c)(3), the voter may still transfer his registration under G.S. 163-82.15(e) if eligible under that section, and the registration shall not be cancelled under G.S. 163-90.2(a) if the transfer is made. A person who has transferred his registration under G.S. 163-82.15(e) may be challenged at the precinct to which the registration is being transferred."

PART 21. CANDIDATE WITHDRAWAL

SECTION 21.1. G.S. 163-106(e) reads as rewritten:

"(e) Withdrawal of Notice of Candidacy. – Any person who has filed notice of candidacy for an office shall have the right to withdraw it at any time prior to the close of business on the third business day prior to the date on which the right to file for that office expires under the terms of subsection (c) of this section. If a candidate does not withdraw before the ~~filing~~ deadline, except as provided in G.S. 163-112, his name shall be printed on the primary ballot, any votes for him shall be counted, and he shall not be refunded his filing fee."

SECTION 21.2. G.S. 163-294.2(d) reads as rewritten:

"(d) Any person may withdraw his notice of candidacy at any time prior to the close of business on the third business day prior to the filing deadline prescribed in subsection (c), and shall be entitled to a refund of his filing fee if he does so."

SECTION 21.3. G.S. 163-323(c) reads as rewritten:

"(c) Withdrawal of Notice of Candidacy. – Any person who has filed a notice of candidacy for an office shall have the right to withdraw it at any time prior to the close of business on the third business day prior to the date on which the right to file for that office expires under the terms of subsection (b) of this section."

PART 22. PETITIONS IN LIEU

SECTION 22.1. G.S. 163-107.1 reads as rewritten:

"§ 163-107.1. Petition in lieu of payment of filing fee.

(a) Any qualified voter who seeks nomination in the party primary of the political party with which he affiliates may, in lieu of payment of any filing fee required for the office he seeks, file a written petition requesting him to be a candidate for a specified office with the appropriate board of elections, State, county or municipal.

(b) If the candidate is seeking the office of United States Senator, Governor, Lieutenant Governor, or any State executive officer, the petition must be signed by 10,000 registered voters who are members of the political party in whose primary the candidate desires to run, except that in the case of a political party as defined by G.S. 163-96(a)(2) which will be making nominations by primary election, the petition must be signed by ~~ten percent (10%)~~ five percent (5%) of the registered voters of the State who are affiliated with the same political party in whose primary the candidate desires to run, or in the alternative, the petition shall be signed by no less than ~~10,000~~ 8,000 registered voters regardless of the voter's political party affiliation, whichever requirement is greater. The petition must be filed with the State Board of Elections not later than 12:00 noon on Monday preceding the filing deadline before the primary in which he seeks to run. The names on the petition shall be verified by the board of elections of the county where the signer is registered, and the petition must be presented to the county board of elections at least 15 days before the petition is due to be filed with the State Board of Elections. When a proper petition has been filed, the candidate's name shall be printed on the primary ballot.

(c) County, Municipal and District Primaries. – If the candidate is seeking one of the offices set forth in G.S. 163-106(c) but which is not listed in subsection (b) of this section, or a municipal or any other office requiring a partisan primary which is not set forth in G.S. 163-106(c) or (d), he shall file a written petition with the appropriate board of elections no later than 12:00 noon on Monday preceding the filing deadline before the primary. The petition shall be signed by ~~ten percent (10%)~~ five percent (5%) of the registered voters of the election area in which the office will be voted for, who are affiliated with the same political party in whose primary the candidate desires to run, or in the alternative, the petition shall be signed by no less than 200 registered voters regardless of said voter's political party affiliation, whichever requirement is greater. The board of elections shall verify the names on the petition, and if the

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petition is found to be sufficient, the candidate's name shall be printed on the appropriate primary ballot. Petitions for candidates for member of the U.S. House of Representatives, District Attorney, and members of the State House of Representatives from multi-county districts or members of the State Senate from multi-county districts must be presented to the county board of elections for verification at least 15 days before the petition is due to be filed with the State Board of Elections, and such petition must be filed with the State Board of Elections no later than 12:00 noon on Monday preceding the filing deadline. The State Board of Elections may adopt rules to implement this section and to provide standard petition forms.

(d) Nonpartisan Primaries and Elections. – Any qualified voter who seeks to be a candidate in any nonpartisan primary or election may, in lieu of payment of the filing fee required, file a written petition signed by ~~ten percent (10%)~~ five percent (5%) of the registered voters in the election area in which the office will be voted for with the appropriate board of elections. Any qualified voter may sign the petition. The petition shall state the candidate's name, address and the office which he is seeking. The petition must be filed with the appropriate board of elections no later than 60 days prior to the filing deadline for the primary or election, and if found to be sufficient, the candidate's name shall be printed on the ballot."

SECTION 22.2. G.S. 163-325(b) reads as rewritten:

"(b) Requirements of Petition; Deadline for Filing. – If the candidate is seeking the office of justice of the Supreme Court, judge of the Court of Appeals, or superior or district court judge, that individual shall file a written petition with the State Board of Elections no later than 12:00 noon on Monday preceding the filing deadline before the primary. If the office is justice of the Supreme Court or judge of the Court of Appeals, the petition shall be signed by ~~10,000~~ 8,000 registered voters in the State. If the office is superior court or district court judge, the petition shall be signed by ~~ten percent (10%)~~ five percent (5%) of the registered voters of the election area in which the office will be voted for. The board of elections shall verify the names on the petition, and if the petition and notice of candidacy are found to be sufficient, the candidate's name shall be printed on the appropriate ballot. Petitions must be presented to the county board of elections for verification at least 15 days before the petition is due to be filed with the State Board of Elections. The State Board of Elections may adopt rules to implement this section and to provide standard petition forms."

PART 23. TIMELY WITHDRAWAL OF PARTY NOMINEE

SECTION 23.1. G.S. 163-113 reads as rewritten:

"§ 163-113. Nominee's right to withdraw as candidate.

A person who has been declared the nominee of a political party for a specified office under the provisions of G.S. 163-182.15 or G.S. 163-110, shall not be permitted to resign as a candidate unless, at least 30 days before the general election, prior to the first day on which military and overseas absentee ballots are transmitted to voters under Article 21A of this Chapter, he that person submits to the board of elections which certified his the nomination a written request that he person be permitted to withdraw."

PART 24. BETTER MANAGE PRECINCT SIZES

SECTION 24.1. The Joint Legislative Elections Oversight Committee shall study optimal numbers of voters in election precincts so as to reduce overcrowding and long lines and recommend to the General Assembly any legislation it deems advisable. The study shall also examine the size of the polling place itself, its accessibility, and parking availability. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 25. EARLY VOTING SITES WITHIN A COUNTY

SECTION 25.1. G.S. 163-227.2(b) and (g) read as rewritten:

"§ 163-227.2. Alternate procedures for requesting application for absentee ballot; "one-stop" voting procedure in board office.

...

(b) Not earlier than the ~~third~~ second Thursday before an election, in which absentee ballots are authorized, in which a voter seeks to vote and not later than 1:00 P.M. on the last Saturday before that election, the voter shall appear in person only at the office of the county board of elections, provided in subsection (g) of this section. A county board of elections shall

conduct one-stop voting on the last Saturday before the election until 1:00 P.M. ~~1:00 P.M. and may conduct it until 5:00 P.M. on that Saturday.~~ That voter shall enter the voting enclosure at the board office through the appropriate entrance and shall at once state his or her name and place of residence to an authorized member or employee of the board. In a primary election, the voter shall also state the political party with which the voter affiliates and in whose primary the voter desires to vote, or if the voter is an unaffiliated voter permitted to vote in the primary of a particular party under G.S. 163-119, the voter shall state the name of the authorizing political party in whose primary he wishes to vote. The board member or employee to whom the voter gives this information shall announce the name and residence of the voter in a distinct tone of voice. After examining the registration records, an employee of the board shall state whether the person seeking to vote is duly registered. If the voter is found to be registered that voter may request that the authorized member or employee of the board furnish the voter with an application form as specified in G.S. 163-227. The voter shall complete the application in the presence of the authorized member or employee of the board, and shall deliver the application to that person.

...

(g) Notwithstanding any other provision of this section, a county board of elections by unanimous vote of all its members may provide for one or more sites in that county for absentee ballots to be applied for and cast under this section. Every individual staffing any of those sites shall be a member or full-time employee of the county board of elections or an employee of the county board of elections whom the board has given training equivalent to that given a full-time employee. Those sites must be approved by the State Board of Elections as part of a Plan for Implementation approved by both the county board of elections and by the State Board of Elections which shall also provide adequate security of the ballots and provisions to avoid allowing persons to vote who have already voted. The Plan for Implementation shall include a provision for the presence of political party observers at each one-stop site equivalent to the provisions in G.S. 163-45 for party observers at voting places on election day. A county board of elections may propose in its Plan not to offer one-stop voting at the county board of elections office; the State Board may approve that proposal in a Plan only if the Plan includes at least one site reasonably proximate to the county board of elections office and the State Board finds that the sites in the Plan as a whole provide adequate coverage of the county's electorate. If a county board of elections has considered a proposed Plan or Plans for Implementation and has been unable to reach unanimity in favor of a Plan, a member or members of that county board of elections may petition the State Board of Elections to adopt a plan for it. If petitioned, the State Board may also receive and consider alternative petitions from another member or members of that county board. The State Board of Elections may adopt a Plan for that county. The State Board, in that plan, shall take into consideration factors including geographic, demographic, and partisan interests of that county. Any plan adopted by either the county board of elections or the State Board of Elections under this subsection shall provide for the same days of operation and same number of hours of operation on each day for all sites in that county for that election. The requirement of the previous sentence does not apply to the county board of elections office itself nor, if one-stop voting is not conducted at the county board of elections office, to the reasonably proximate alternate site approved under this subsection."

SECTION 25.2. G.S. 163-227.2 is amended by adding a new subsection to read:

"(g2) Notwithstanding the requirements of subsection (g) and (g1) of this section, for any county board of elections that provided for one or more sites as provided in subsection (g) of this section during the 2010 or 2012 general election, that county shall provide, at a minimum, the following:

"(1) The county board of elections shall calculate the cumulative total number of scheduled voting hours at all sites during the 2012 primary and general elections, respectively, that the county provided for absentee ballots to be applied for and voted under this section. For elections which include a presidential candidate on the ballot, the county shall ensure that at least the same number of hours offered in 2012 is offered for absentee ballots to be applied for and voted under this section through a combination of hours and numbers of one-stop sites during the primary or general election, correspondingly.

- (2) The county board of elections shall calculate the cumulative total number of scheduled voting hours at all sites during the 2010 primary and general elections, respectively, that the county provided for absentee ballots to be applied for and voted under this section. For elections which do not include a presidential candidate on the ballot, the county shall ensure that at least the same number of hours offered in 2010 is offered for absentee ballots to be applied for and voted under this section through a combination of hours and numbers of one-stop sites during the primary or general election, correspondingly.

The State Board of Elections, to ensure compliance with this subsection, may approve a one-stop site in a building that the county board of elections is not entitled under G.S. 163-129 to demand and use as an election-day voting place, but may deny approval if a member of that board presents evidence that other equally suitable sites were available and the use of the sites chosen would unfairly advantage or disadvantage geographic, demographic, or partisan interests of that county."

SECTION 25.3. G.S. 163-227.2 is amended by adding a new subsection to read:

"(g3) A county board of elections by unanimous vote of the board, with all members present and voting, may submit a request to the State Board to reduce the number of hours established in subsection (g2) of this section for a primary or a general election. The reduction shall take effect for that primary or general election only if approved by unanimous vote of the State Board with all members present and voting."

PART 26. STANDARDIZE SATELLITE POLLING PLACE APPROVAL

SECTION 26.1.(a) G.S. 163-130 reads as rewritten:

"§ 163-130. Satellite voting places.

A county board of elections by unanimous vote may, upon approval of a request submitted in writing to the State Board of Elections, establish a plan whereby elderly or disabled voters in a precinct may vote at designated sites within the precinct other than the regular voting place for that precinct. Any approval under this section is only effective for one year and shall be annually reviewed for extension. The State Board of Elections shall approve a county board's proposed plan if:

- (1) All the satellite voting places to be used are listed in the county's written request;
- (2) The plan will in the State Board's judgment overcome a barrier to voting by the elderly or disabled;
- (3) Adequate security against fraud is provided for; and
- (4) The plan does not unfairly favor or disfavor voters with regard to race or party affiliation."

SECTION 26.1.(b). This section becomes effective January 1, 2014. All plans approved under G.S. 163-130 prior to that date shall be reviewed and adopted in accordance with G.S. 163-130, as amended by this section.

PART 27. DELETE REFERENCE TO PRECINCT BOUNDARIES AFTER THE 2000 CENSUS

SECTION 27.1. G.S. 163-132.1 is repealed.

PART 28. REDUCE NEED FOR SECOND PRIMARY

SECTION 28.1. The Joint Legislative Elections Oversight Committee shall study the second primary and recommend to the General Assembly any legislation it deems advisable. The study may include the following:

- (1) Whether to go to a plurality method of determining the result of the primary.
- (2) Whether to reduce the current forty percent (40%) threshold.
- (3) Whether to keep the forty percent (40%) threshold but also allow a smaller percentage if the margin between first and second place finisher is substantial.
- (4) Whether to have a different system for different offices such as United States Senator, Governor, and Lieutenant Governor and other offices.

It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 29. CLARIFY STATE BOARD DUTY ON CHARACTERISTICS OF BALLOT

SECTION 29.1. G.S. 163-165.4 reads as rewritten:

"§ 163-165.4. Standards for official ballots.

The State Board of Elections shall ~~seek to ensure~~ that official ballots throughout the State have all the following characteristics:

- (1) Are readily understandable by voters.
- (2) Present all candidates and questions in a fair and nondiscriminatory manner.
- (3) Allow every voter to cast a vote in every ballot item without difficulty.
- (4) Facilitate an accurate vote count.
- (5) Are uniform in content and format, subject to varied presentations required or made desirable by different voting systems."

PART 30. SIMPLIFY BALLOT RECORDS

SECTION 30.1. G.S. 163-165(1) reads as rewritten:

- "(1) "Ballot" means an instrument on which a voter indicates a choice so that it may be recorded as a vote for or against a certain candidate or referendum proposal. The term "ballot" may include a paper ballot to be counted by hand, a paper ballot to be counted on an electronic scanner, ~~the face of a lever voting machine, the image on a direct record electronic unit, or a~~ paper ballot used on any other voting system."

SECTION 30.2. G.S. 163-165 is amended by adding a new subdivision to read:

- "(5a) "Paper ballot" means an individual paper document that bears marks made by the voter by hand or through electronic means."

SECTION 30.3. G.S. 163-165.7(a) and (d) read as rewritten:

"§ 163-165.7. Voting systems: powers and duties of State Board of Elections.

(a) Only voting systems that have been certified by the State Board of Elections in accordance with the procedures and subject to the standards set forth in this section and that have not been subsequently decertified shall be permitted for use in elections in this State. Those certified voting systems shall be valid in any election held in the State or in any county, municipality, or other electoral district in the State. Subject to all other applicable rules adopted by the State Board of Elections and, with respect to federal elections, subject to all applicable federal regulations governing voting systems, paper ballots marked by the voter and counted by hand shall be deemed a certified voting system. The State Board of Elections shall certify optical scan voting systems, optical scan with ballot markers voting systems, and direct record electronic voting systems if any of those systems meet all applicable requirements of federal and State law. The State Board may certify additional voting systems only if they meet the requirements of the request for proposal process set forth in this section and only if they generate ~~either a paper ballot or a paper record by which voters may verify their votes before casting them and~~ which provides a backup means of counting the vote that the voter casts. Those voting systems may include optical scan and direct record electronic (DRE) voting ~~systems.~~ systems that produce a paper ballot. In consultation with the Office of Information Technology Services, the State Board shall develop the requests for proposal subject to the provisions of this Chapter and other applicable State laws. Among other requirements, the request for proposal shall require at least all of the following elements:

- (1) That the vendor post a bond or letter of credit to cover damages resulting from defects in the voting system. Damages shall include, among other items, any costs of conducting a new election attributable to those defects.
- (2) That the voting system comply with all federal requirements for voting systems.
- (3) That the voting system must have the capacity to include in voting tabulation district returns the votes cast by voters outside of the voter's voting tabulation district as required by G.S. 163-132.5G.
- (4) With respect to electronic voting systems, that the voting system generate a ~~paper record ballot~~ paper record ballot of each individual vote cast, which ~~paper record ballot~~ shall be maintained in a secure fashion and shall serve as a backup record for

purposes of any hand-to-eye count, hand-to-eye recount, or other audit. Electronic systems that employ optical scan technology to count paper ballots shall be deemed to satisfy this requirement.

- (5) With respect to DRE voting systems, that the paper ~~record~~-ballot generated by the system be viewable by the voter before the vote is cast electronically, and that the system permit the voter to correct any discrepancy between the electronic vote and the paper ~~record~~-ballot before the vote is cast.

...
(d) Subject to the provisions of this Chapter, the State Board of Elections shall prescribe rules for the adoption, handling, operation, and honest use of certified voting systems, including all of the following:

- (1) Procedures for county boards of elections to utilize when recommending the purchase of a certified voting system for use in that county.
- (2) Form of official ballot labels to be used on voting systems.
- (3) Operation and manner of voting on voting systems.
- (4) Instruction of precinct officials in the use of voting systems.
- (5) Instruction of voters in the use of voting systems.
- (6) Assistance to voters using voting systems.
- (7) Duties of custodians of voting systems.
- (8) Examination and testing of voting systems in a public forum in the county before and after use in an election.
- (9) Notwithstanding G.S. 132-1.2, procedures for the review and examination of any information placed in escrow by a vendor pursuant to G.S. 163-165.9A by only the following persons:
 - a. State Board of Elections.
 - b. Office of Information Technology Services.
 - c. The State chairs of each political party recognized under G.S. 163-96.
 - d. The purchasing county.

Each person listed in sub-subdivisions a. through d. of this subdivision may designate up to three persons as that person's agents to review and examine the information. No person shall designate under this subdivision a business competitor of the vendor whose proprietary information is being reviewed and examined. For purposes of this review and examination, any designees under this subdivision and the State party chairs shall be treated as public officials under G.S. 132-2.

- (10) With respect to electronic voting systems, procedures to maintain the integrity of both the electronic vote count and the paper ~~record~~-ballot. Those procedures shall at a minimum include procedures to protect against the alteration of the paper ~~record~~-ballot after a machine vote has been recorded and procedures to prevent removal by the voter from the voting enclosure of any ~~paper record or copy of an individually voted~~ paper ballot or of any other device or item whose removal from the voting enclosure could permit compromise of the integrity of either the machine count or the paper ~~record~~-ballot.

...."

SECTION 30.4. G.S. 163-166.7(c) reads as rewritten:

"(c) The State Board of Elections shall promulgate rules for the process of voting. Those rules shall emphasize the appearance as well as the reality of dignity, good order, impartiality, and the convenience and privacy of the voter. Those rules, at a minimum, shall include procedures to ensure that all the following occur:

- (1) The voting system remains secure throughout the period voting is being conducted.
- (2) Only properly voted official ballots ~~or paper records of individual voted ballots~~ are introduced into the voting system.
- (3) Except as provided by G.S. 163-166.9, no official ballots leave the voting enclosure during the time voting is being conducted there. The rules shall also provide that during that time no one shall remove from the voting enclosure any paper record or copy of an individually voted ballot or of any

- other device or item whose removal from the voting enclosure could permit compromise of the integrity of either the machine count or the paper record.
- (4) All improperly voted official ballots ~~or paper records of individual voted ballots~~ are returned to the precinct officials and marked as spoiled.
 - (5) Voters leave the voting place promptly after voting.
 - (6) Voters not clearly eligible to vote in the precinct but who seek to vote there are given proper assistance in voting a provisional official ballot or guidance to another voting place where they are eligible to vote.
 - (7) Information gleaned through the voting process that would be helpful to the accurate maintenance of the voter registration records is recorded and delivered to the county board of elections.
 - (8) The registration records are kept secure. The State Board of Elections shall permit the use of electronic registration records in the voting place in lieu of or in addition to a paper pollbook or other registration record.
 - (9) Party observers are given access as provided by G.S. 163-45 to current information about which voters have voted.
 - (10) The voter, before voting, shall sign that voter's name on the pollbook, other voting record, or voter authorization document. If the voter is unable to sign, a precinct official shall enter the person's name on the same document before the voter votes."

SECTION 30.5. G.S. 163-182.1(b)(1) reads as rewritten:

- "(1) Provide for a sample hand-to-eye count of the paper ballots ~~or paper records~~ of a statewide ballot item in every county. The presidential ballot item shall be the subject of the sampling in a presidential election. If there is no statewide ballot item, the State Board shall provide a process for selecting district or local ballot items to adequately sample the electorate. The State Board shall approve in an open meeting the procedure for randomly selecting the sample precincts for each election. The random selection of precincts for any county shall be done publicly after the initial count of election returns for that county is publicly released or 24 hours after the polls close on election day, whichever is earlier. The sample chosen by the State Board shall be of one or more full precincts, full counts of mailed absentee ballots, full counts of one or more one-stop early voting sites, or a combination. The size of the sample of each category shall be chosen to produce a statistically significant result and shall be chosen after consultation with a statistician. The actual units shall be chosen at random. In the event of a material discrepancy between the electronic or mechanical count and a hand-to-eye count, the hand-to-eye count shall control, except where paper ballots ~~or records~~ have been lost or destroyed or where there is another reasonable basis to conclude that the hand-to-eye count is not the true count. If the discrepancy between the hand-to-eye count and the mechanical or electronic count is significant, a complete hand-to-eye count shall be conducted."

SECTION 30.6. G.S. 163-182.2(b)(1a) reads as rewritten:

- "(1a) For optical scan and direct record electronic voting systems, and for any other voting systems in which ballots are counted other than on paper by hand and eye, those rules shall provide for a sample hand-to-eye count of the paper ballots ~~or paper records~~ of a sampling of a statewide ballot item in every county. The presidential ballot item shall be the subject of the sampling in a presidential election. If there is no statewide ballot item, the State Board shall provide a process for selecting district or local ballot items to adequately sample the electorate. The State Board shall approve in an open meeting the procedure for randomly selecting the sample precincts for each election. The random selection of precincts for any county shall be done publicly after the initial count of election returns for that county is publicly released or 24 hours after the polls close on election day, whichever is earlier. The sample chosen by the State Board shall be of one or more full precincts, full counts of mailed absentee ballots, and full counts of one or more one-stop early voting sites. The size of the sample of each category

shall be chosen to produce a statistically significant result and shall be chosen after consultation with a statistician. The actual units shall be chosen at random. In the event of a material discrepancy between the electronic or mechanical count and a hand-to-eye count, the hand-to-eye count shall control, except where paper ballots ~~or records~~ have been lost or destroyed or where there is another reasonable basis to conclude that the hand-to-eye count is not the true count. If the discrepancy between the hand-to-eye count and the mechanical or electronic count is significant, a complete hand-to-eye count shall be conducted. The sample count need not be done on election night."

SECTION 30.7. G.S. 163-227.2(e1) reads as rewritten:

"(e1) If a county uses a voting system with retrievable ballots, that county's board of elections may by resolution elect to conduct one-stop absentee voting according to the provisions of this subsection. In a county in which the board has opted to do so, a one-stop voter shall cast the ballot and then shall deposit the ballot in the ballot box or voting system in the same manner as if such box or system was in use in a precinct on election day. At the end of each business day, or at any time when there will be no employee or officer of the board of elections on the premises, the ballot box or system shall be secured in accordance with a plan approved by the State Board of Elections, which shall include that no additional ballots have been placed in the box or system. Any county board desiring to conduct one-stop voting according to this subsection shall submit a plan for doing so to the State Board of Elections. The State Board shall adopt standards for conducting one-stop voting under this subsection and shall approve any county plan that adheres to its standards. The county board shall adhere to its State Board-approved plan. The plan shall provide that each one-stop ballot shall have a ballot number on it in accordance with G.S. 163-230.1(a2), or shall have an equivalent identifier to allow for retrievability. ~~The standards shall address retrievability in one-stop voting on direct record electronic equipment where no paper ballot is used.~~"

SECTION 30.8. Any direct record electronic (DRE) voting systems currently certified by the State Board of Elections which do not use paper ballots shall be decertified and shall not be used in any election held on or after January 1, 2018. Decertification of a DRE voting system that does not use paper ballots may not be appealed to the Superior Court of Wake County pursuant to G.S. 163-165.7(b).

SECTION 30.9. This Part becomes effective January 1, 2018.

PART 31. ORDER OF PARTIES ON THE BALLOT

SECTION 31.1. G.S. 163-165.6(d) reads as rewritten:

"(d) Order of Party Candidates on General Election Official Ballot. – Candidates in any ballot item on a general election official ballot shall appear in the following order:

- (1) Nominees of political parties that reflect at least five percent (5%) of statewide voter registration, according to the most recent statistical report published by the State Board of Elections, in alphabetical order by party beginning with the party whose nominee for Governor received the most votes in the most recent gubernatorial election, and in alphabetical order within the party.
- (2) Nominees of other political parties, in alphabetical order by party and in alphabetical order within the party.
- (3) Unaffiliated candidates, in alphabetical order."

PART 32. VOTE THE PERSON NOT THE PARTY

SECTION 32.1. G.S. 163-165.6(e) reads as rewritten:

"(e) No Straight-Party Voting. – Each official ballot shall not contain any place that allows a voter with one mark to vote for the candidates of a party for more than one office. ~~be arranged so that the voter may cast one vote for a party's nominees for all offices except President and Vice President. A vote for President and Vice President shall be cast separately from a straight party vote. The official ballot shall be prepared so that a voter may cast a straight party vote, but then make an exception to that straight party vote by voting for a candidate not nominated by that party or by voting for fewer than all the candidates nominated by that party. Instructions for general election ballots shall clearly advise voters of the rules in this subsection and of the statutes providing for the counting of ballots.~~"

SECTION 32.2. G.S. 163-182.1(a)(7) is repealed.

PART 33. REGULATE EXTENSION OF CLOSE OF POLLS

SECTION 33.1. G.S. 163-166.01 reads as rewritten:

"§ 163-166.01. Hours for voting.

In every election, the voting place shall be open at 6:30 A.M. and shall be closed at 7:30 P.M. ~~In extraordinary circumstances, the county board of elections may direct that the polls remain open until 8:30 P.M.~~ If the polls are delayed in opening for more than 15 minutes, or are interrupted for more than 15 minutes after opening, the State Board of Elections may extend the closing time by an equal number of minutes. As authorized by law, the State Board of Elections shall be available either in person or by teleconference on the day of election to approve any such extension. If any voter is in line to vote at the time the polls are closed, that voter shall be permitted to vote. No voter shall be permitted to vote who arrives at the voting place after the closing of the polls.

Any voter who votes after the statutory poll closing time of 7:30 P.M. by virtue of a federal or State court order or any other lawful order, including an order of a county board of elections, shall be allowed to vote, under the provisions of that order, only by using a provisional official ballot. Any special provisional official ballots cast under this section shall be separated, counted, and held apart from other provisional ballots cast by other voters not under the effect of the order extending the closing time of the voting place. If the court order has not been reversed or stayed by the time of the county canvass, the total for that category of provisional ballots shall be added to the official canvass."

PART 34. ASSISTANCE TO VOTER

SECTION 34.1. The Joint Legislative Elections Oversight Committee shall study ways to improve protections for persons requiring assistance in voting places and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014 and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 35. DATE OF PRESIDENTIAL PRIMARY

SECTION 35.1. G.S. 163-213.2 reads as rewritten:

"§ 163-213.2. Primary to be held; date; qualifications and registration of voters.

On the Tuesday after the first Monday in May, 1992, and every four years thereafter, the voters of this State shall be given an opportunity to express their preference for the person to be the presidential candidate of their political party-party, except that if South Carolina holds its presidential primary before the 15th day of March, the North Carolina presidential preference primary shall be held on the Tuesday after the first South Carolina presidential preference primary of that year.

Any person otherwise qualified who will become qualified by age to vote in the general election held in the same year of the presidential preference primary shall be entitled to register and vote in the presidential preference primary. Such persons may register not earlier than 60 days nor later than the last day for making application to register under G.S. 163-82.6 prior to the said primary. In addition, persons who will become qualified by age to register and vote in the general election for which the primary is held, who do not register during the special period may register to vote after such period as if they were qualified on the basis of age, but until they are qualified by age to vote, they may vote only in primary elections."

SECTION 35.2. G.S. 163-213.4 reads as rewritten:

"§ 163-213.4. Nomination by State Board of Elections.

~~By the first Tuesday in February of the year preceding~~ No later than 90 days preceding the North Carolina presidential preference primary, the chair of each political party shall submit to the State Board of Elections a list of its presidential candidates to be placed on the presidential preference primary ballot. The list must be comprised of candidates whose candidacy is generally advocated and recognized in the news media throughout the United States or in North Carolina, unless any such candidate executes and files with the chair of the political party an affidavit stating without qualification that the candidate is not and does not intend to become a candidate for nomination in the North Carolina Presidential Preference Primary Election. The State Board of Elections shall prepare and publish a list of the names of the presidential candidates submitted. The State Board of Elections shall convene in Raleigh on the first

Tuesday in March preceding the presidential preference primary election. At the meeting required by this section, the State Board of Elections shall nominate as presidential primary candidates all candidates affiliated with a political party, recognized pursuant to the provisions of Article 9 of Chapter 163 of the General Statutes, who have been submitted to the State Board of Elections. Immediately upon completion of these requirements, the Board shall release to the news media all such nominees selected. Provided, however, nothing shall prohibit the partial selection of nominees prior to the meeting required by this section, if all provisions herein have been complied with."

PART 36. ADDITIONAL CANDIDATES ON PRESIDENTIAL PRIMARY BALLOT

SECTION 36.1. G.S. 163-213.4 reads as rewritten:

"§ 163-213.4. Nomination by State Board of Elections.

By the first Tuesday in February of the year preceding the North Carolina presidential preference primary, the chair of each political party shall submit to the State Board of Elections a list of its presidential candidates to be placed on the presidential preference primary ballot. The list must be comprised of candidates whose candidacy is generally advocated and recognized in the news media throughout the United States or in North Carolina, unless any such candidate executes and files with the chair of the political party an affidavit stating without qualification that the candidate is not and does not intend to become a candidate for nomination in the North Carolina Presidential Preference Primary Election. The State Board of Elections shall prepare and publish a list of the names of the presidential candidates submitted. The State Board of Elections shall convene in Raleigh on the first Tuesday in March preceding the presidential preference primary election. At the meeting required by this section, the State Board of Elections shall nominate as presidential primary candidates all candidates affiliated with a political party, recognized pursuant to the provisions of Article 9 of Chapter 163 of the General Statutes, who have been submitted to the State Board of Elections. Additionally, the State Board of Elections, by vote of at least three of its members in the affirmative, may nominate as a presidential primary candidate any other person affiliated with a political party that it finds is generally advocated and recognized in the news media throughout the United States or in North Carolina as candidates for the nomination by that party. Immediately upon completion of these requirements, the Board shall release to the news media all such nominees selected. Provided, however, nothing shall prohibit the partial selection of nominees prior to the meeting required by this section, if all provisions herein have been complied with."

PART 38. REPEAL POLITICAL PARTIES FINANCING FUND, JUDICIAL ELECTIONS FUND, AND VOTER-OWNED ELECTIONS FUND

SECTION 38.1.(a) Article 22D of Chapter 163 of the General Statutes is repealed, except that G.S. 163-278.69 is repealed effective upon exhaustion of the funds for publication of the Judicial Voter Guide.

SECTION 38.1.(b) Article 22J of Chapter 163 of the General Statutes is repealed.

SECTION 38.1.(c) Article 22B of Chapter 163 of the General Statutes is repealed.

SECTION 38.1.(d) G.S. 84-34 reads as rewritten:

"§ 84-34. Membership fees and list of members.

Every active member of the North Carolina State Bar shall, prior to the first day of July of each year, pay to the secretary-treasurer an annual membership fee in an amount determined by the Council but not to exceed three hundred dollars (\$300.00), ~~plus a surcharge of fifty dollars (\$50.00) for the implementation of Article 22D of Chapter 163 of the General Statutes,~~ and every member shall notify the secretary-treasurer of the member's correct mailing address. Any member who fails to pay the required dues by the last day of June of each year shall be subject to a late fee in an amount determined by the Council but not to exceed thirty dollars (\$30.00). All dues for prior years shall be as were set forth in the General Statutes then in effect. The membership fee shall be regarded as a service charge for the maintenance of the several services authorized by this Article, and shall be in addition to all fees required in connection with admissions to practice, and in addition to all license taxes required by law. The fee shall not be prorated: Provided, that no fee shall be required of an attorney licensed after this Article shall have gone into effect until the first day of January of the calendar year following that in which the attorney was licensed; but this proviso shall not apply to attorneys from other states admitted on certificate. The fees shall be disbursed by the secretary-treasurer on the order of the Council. ~~The fifty dollar (\$50.00) surcharge shall be sent on a monthly schedule to the State~~

~~Board of Elections.~~ The secretary-treasurer shall annually, at a time and in a law magazine or daily newspaper to be prescribed by the Council, publish an account of the financial transactions of the Council in a form to be prescribed by it. The secretary-treasurer shall compile and keep currently correct from the names and mailing addresses forwarded to the secretary-treasurer and from any other available sources of information a list of members of the North Carolina State Bar and furnish to the clerk of the superior court in each county, not later than the first day of October in each year, a list showing the name and address of each attorney for that county who has not complied with the provisions of this Article. The name of each of the active members who are in arrears in the payment of membership fees shall be furnished to the presiding judge at the next term of the superior court after the first day of October of each year, by the clerk of the superior court of each county wherein the member or members reside, and the court shall thereupon take action that is necessary and proper. The names and addresses of attorneys so certified shall be kept available to the public. The Secretary of Revenue is hereby directed to supply the secretary-treasurer, from records of license tax payments, with any information for which the secretary-treasurer may call in order to enable the secretary-treasurer to comply with this requirement.

The list submitted to several clerks of the superior court shall also be submitted to the Council at its October meeting of each year and it shall take the action thereon that is necessary and proper."

SECTION 38.1.(e) G.S. 105-159.1 is repealed.

SECTION 38.1.(f) G.S. 105-159.2 is repealed.

SECTION 38.1.(g) G.S. 163-278.5 reads as rewritten:

"§ 163-278.5. Scope of Article; severability.

The provisions of this Article apply to primaries and elections for North Carolina offices and to North Carolina referenda and do not apply to primaries and elections for federal offices or offices in other States or to non-North Carolina referenda. Any provision in this Article that regulates a non-North Carolina entity does so only to the extent that the entity's actions affect elections for North Carolina offices or North Carolina referenda.

The provisions of this Article are severable. If any provision is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions of the Article that can be given effect without the invalid provision.

This section applies to Articles ~~22B, 22D, 22E, 22F, 22G, 22H, 22J, and 22M~~ of the General Statutes to the same extent that it applies to this Article."

SECTION 38.1.(h) G.S. 163-278.13(e) reads as rewritten:

"§ 163-278.13. Limitation on contributions.

...
(e) ~~Except as provided in subsections (e2), (e3), and (e4) of this section, this~~ This section shall not apply to any national, State, district or county executive committee of any political party. For the purposes of this section only, the term "political party" means only those political parties officially recognized under G.S. 163-96."

SECTION 38.1.(i) G.S. 163-278.13(e2) is repealed.

SECTION 38.1.(j) G.S. 163-278.13(e4) is repealed.

SECTION 38.1.(k) G.S. 163-278.23 reads as rewritten:

"§ 163-278.23. Duties of Executive Director of Board.

...
This section applies to Articles ~~22B, 22D, 22E, 22F, 22G, 22H, and 22M~~ of the General Statutes to the same extent that it applies to this Article."

SECTION 38.1.(l) G.S. 163-278.99E(d) is repealed effective upon exhaustion of the funds for publication of the Judicial Voter Guide in G.S. 163-278.69.

SECTION 38.1.(m) The State Board of Elections shall use the money in the North Carolina Public Campaign Fund to only publish Judicial Voter Guides as described in G.S. 163-278.69 until the funds have been exhausted.

SECTION 38.1.(n) The secretary-treasurer of the North Carolina State Bar shall remit any payments of the fifty-dollar (\$50.00) surcharge payable for the taxable year January 1, 2013, to the State Board of Elections, and the State Board of Elections must credit the funds received to the North Carolina Public Campaign Fund.

SECTION 38.1.(o) The State Board of Elections shall notify the Revisor of Statutes when the funds have been exhausted for publication of the Judicial Voter Guide.

SECTION 38.1.(p) Subsection (d) of this section is effective for taxable years beginning on or after January 1, 2013. The fifty percent (50%) of the funds directed to be paid in 2013 under G.S. 163-278.41(c) in 2013 shall be disbursed as provided by law. Unexpended funds shall remain in the reserve until December 31, 2013, at which time those funds shall revert to the General Fund. The remainder of this section becomes effective July 1, 2013.

PART 39. EXPEDITE VOTER LIST MAINTENANCE

SECTION 39.1.(a) G.S. 163-33 reads as rewritten:

"§ 163-33. Powers and duties of county boards of elections.

The county boards of elections within their respective jurisdictions shall exercise all powers granted to such boards in this Chapter, and they shall perform all the duties imposed upon them by law, which shall include the following:

- ...
- (14) To make forms available for near relatives or personal representatives of a deceased voter's estate to provide signed statements of the status of a deceased voter to return to the board of elections of the county in which the deceased voter was registered. Forms may be provided, upon request, to any of the following: near relatives, personal representatives of a deceased voter's estate, funeral directors, or funeral service licensees."

SECTION 39.1.(b) G.S. 163-82.14(b) reads as rewritten:

"(b) Death. – The Department of Health and Human Services shall furnish free of charge to the State Board of Elections every month, in a format prescribed by the State Board of Elections, the names of deceased persons who were residents of the State. The State Board of Elections shall distribute every month to each county board of elections the names on that list of deceased persons who were residents of that county. The Department of Health and Human Services shall base each list upon information supplied by death certifications it received during the preceding month. Upon the receipt of those names, each county board of elections shall remove from its voter registration records any person the list shows to be dead. Each county board of elections shall also remove from its voter registration records a person identified as deceased by a signed statement of a near relative or personal representative of the estate of the deceased voter. The county board need not send any notice to the address of the person so removed."

SECTION 39.2. Article 13A of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-210.25C. Notification forms for deceased voters.

(a) At the time funeral arrangements are made, a funeral director or funeral service licensee is encouraged to make available to near relatives of the deceased a form upon which the near relative may report the status of the deceased voter to the board of elections of the county in which the deceased was a registered voter.

(b) A funeral director or funeral service licensee may obtain forms for reporting the status of deceased voters from the county board of elections."

SECTION 39.3. This Part becomes effective October 1, 2013.

PART 41. CAMPAIGN FINANCE ELECTRONIC REPORTING

SECTION 41.1. The Joint Legislative Elections Oversight Committee shall study requiring campaign finance reports to be filed electronically and any issues with implementation of such a requirement, and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 42. CAMPAIGN CONTRIBUTIONS

SECTION 42.1. Effective for contributions made on or after January 1, 2014, G.S. 163-278.13(a), (b), and (c) read as rewritten:

"§ 163-278.13. Limitation on contributions.

(a) No individual, political committee, or other entity shall contribute to any candidate or other political committee any money or make any other contribution in any election in excess of ~~four thousand dollars (\$4,000)~~ five thousand dollars (\$5,000) for that election.

(b) No candidate or political committee shall accept or solicit any contribution from any individual, other political committee, or other entity of any money or any other contribution in any election in excess of ~~four thousand dollars (\$4,000)~~ five thousand dollars (\$5,000) for that election.

(c) Notwithstanding the provisions of subsections (a) and (b) of this section, it shall be lawful for a candidate or a candidate's ~~spouse, parents, brothers and sisters~~ spouse to make a contribution to the candidate or to the candidate's treasurer of any amount of money or to make any other contribution in any election in excess of ~~four thousand dollars (\$4,000)~~ five thousand dollars (\$5,000) for that election."

SECTION 42.2. G.S. 163-278.13 is amended by adding a new subsection to read:

"(a1) Effective for each odd-numbered calendar year beginning in 2015, the dollar amount of the contribution limitation established by subsections (a), (b), and (c) of this subsection shall be increased as provided in this subsection. On July 1 of each even-numbered year, the State Board of Elections shall calculate from data from the Bureau of Labor Statistics of the United States Department of Labor Register the percent difference between the price index for the July 1 of the previous even-numbered year. That percentage increase shall be multiplied by the previous dollar amount contribution limit, that number added to the previous dollar amount contribution limit, and the total shall become effective with respect to contributions made or accepted on or after January 1 of the next odd-numbered year. If the amount after adjustment is not a multiple of one hundred dollars (\$100.00), the total shall be rounded to the nearest multiple of one hundred dollars (\$100.00). As used in this subsection the term "price index" means the average over a calendar year of the Consumer Price Index (all items – United States city average) published monthly by the Bureau of Labor Statistics. The revised amount of the dollar limit of contributions shall remain in effect for two calendar years until the next adjustment is made. The State Board of Elections shall publish the revised amount in the North Carolina Register and shall notify the Reviser of Statutes who shall adjust the dollar amounts in subsections (a), (b), and (c) of this section."

SECTION 42.3. G.S. 163-278.13(e3) is repealed.

PART 43 USE OF BUILDING FUNDS

SECTION 43.1. G.S. 163-278.19B(4) reads as rewritten:

"(4) The donations deposited in the separate segregated bank account for the political party headquarters building fund will be spent only to purchase a principal headquarters building, to construct a principal headquarters building, to renovate a principal headquarters building, to pay a mortgage on a principal headquarters building, ~~or to repay donors if a principal headquarters building is not purchased, constructed, or renovated~~, or to pay building rent or monthly or bimonthly utility expenses incurred to operate the principal headquarters building. Donations deposited into that account shall be used solely for the purposes set forth in the preceding sentence, and specifically shall not be used for ~~headquarters rent, utilities, or equipment other than fixtures~~, personnel compensation, or travel or fundraising expenses or requirements of any kind. Notwithstanding the above, personnel compensation and in-kind benefits may be paid to no more than three personnel whose functions are primarily administrative in nature, such as providing accounting, payroll, or campaign finance reporting services, for the party and whose job functions require no more than ten percent (10%) of work time to be spent on political advocacy each calendar year."

PART 44. STAND BY YOUR AD

SECTION 44.1. G.S. 163-278.39A is repealed.

SECTION 44.2. G.S. 163-278.39(b) reads as rewritten:

"(b) Size Requirements. – In a print media advertisement covered by subsection (a) of this section, the height of all disclosure statements required by that subsection shall constitute at least five percent (5%) of the height of the printed space of the advertisement, provided that the type shall in no event be less than 12 points in size. In an advertisement in a newspaper or a newspaper insert, the total height of the disclosure statement need not constitute five percent of the printed space of the advertisement if the type of the disclosure statement is at least 28 ~~points~~ points

in size. If a single advertisement consists of multiple pages, folds, or faces, the disclosure requirement of this section applies only to one page, fold, or face. In a television advertisement covered by subsection (a) of this section, the visual disclosure legend shall constitute four percent (4%) of vertical picture height in size, ~~size, and where the television advertisement that appears is paid for by a candidate or candidate campaign committee, the visual disclosure legend shall appear simultaneously with an easily identifiable photograph of the candidate for at least two seconds.~~ In a radio advertisement covered by subsection (a) of this section, the disclosure statement shall last at least two seconds, provided the statement is spoken so that its contents may be easily understood."

PART 45. STATE BOARD OF ELECTIONS

SECTION 45.1.(a) G.S. 163-19(a) reads as rewritten:

"(a) The State Board of Elections shall consist of five registered voters whose terms of office shall begin on May 1, 1969, and shall continue for four years, and until their successors are appointed and qualified. The Governor shall appoint the members of this Board and likewise shall appoint their successors every four years at the expiration of each four-year term. No person may serve more than two consecutive four-year terms."

SECTION 45.1.(b) This section is effective when it becomes law and applies to members appointed on or after that date.

PART 47. TIGHTENING OF LOBBYING BUNDLING

SECTION 47.1.(a) G.S. 163-278.13C reads as rewritten:

"§ 163-278.13C. Campaign contributions prohibition.

(a) No lobbyist may make a contribution as defined in G.S. 163-278.6 to a candidate or candidate campaign committee as defined in G.S. 163-278.38Z when that candidate meets any of the following criteria:

- (1) Is a legislator as defined in G.S. 120C-100.
- (2) Is a public servant as defined in G.S. 138A-3(30)a. and G.S. 120C-104.

(b) No lobbyist may do any of the following with respect to a candidate or candidate campaign committee described in subdivisions (a)(1) and (a)(2) of this section:

- (1) ~~collect~~ Collect a contribution or multiple contributions from one or multiple more contributors, contributors intended for that candidate or candidate campaign committee.
- (2) ~~take~~ Take possession of such a contribution or multiple contributions, contributions intended for that candidate or candidate campaign committee.
- (3) ~~or transfer~~ Transfer or deliver deliver the a collected contribution or multiple contributions to the intended recipient, candidate or candidate campaign committee. This section shall apply only to contributions to a candidate or candidate campaign committee as defined in G.S. 163-278.38Z when that candidate is a legislator as defined in G.S. 120C-100 or a public servant as defined in G.S. 138A-3(30)a.

(c) This section shall not apply to a lobbyist, who has filed a notice of candidacy for office under G.S. 163-106 or Article 11 of Chapter 163 of the General Statutes or has been nominated under G.S. 163-114 or G.S. 163-98, making a contribution to that lobbyist's candidate campaign committee.

(d) For purposes of this section, the term "lobbyist" shall mean an individual registered as a lobbyist under Chapter 120C of the General Statutes."

SECTION 47.1.(b) This section becomes effective October 1, 2013, and applies to contributions made on or after that date.

PART 48. CANDIDATE SPECIFIC COMMUNICATIONS

SECTION 48.1. Article 22G of Chapter 163 of the General Statutes is repealed.

SECTION 48.2. G.S. 163-278.5 reads as rewritten:

"§ 163-278.5. Scope of Article; severability.

The provisions of this Article apply to primaries and elections for North Carolina offices and to North Carolina referenda and do not apply to primaries and elections for federal offices or offices in other States or to non-North Carolina referenda. Any provision in this Article that regulates a non-North Carolina entity does so only to the extent that the entity's actions affect elections for North Carolina offices or North Carolina referenda.

The provisions of this Article are severable. If any provision is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions of the Article that can be given effect without the invalid provision.

This section applies to Articles 22B, 22D, 22E, 22F, ~~22G, 22H, 22J,~~ and 22M of the General Statutes to the same extent that it applies to this Article."

SECTION 48.3. G.S. 163-278.23 reads as rewritten:

"§ 163-278.23. Duties of Executive Director of Board.

...
This section applies to Articles 22B, 22D, 22E, 22F, ~~22G, 22H,~~ and 22M of the General Statutes to the same extent that it applies to this Article."

SECTION 48.4. Article 22H of Chapter 163 of the General Statutes is repealed.

PART 49. VOTING IN INCORRECT PRECINCT

SECTION 49.1. G.S. 163-55 reads as rewritten:

"§ 163-55. Qualifications to vote; exclusion from electoral franchise.

(a) **Residence Period for State Elections.** – Every person born in the United States, and every person who has been naturalized, and who shall have resided in the State of North Carolina and in the ~~precinct, ward, or other election district~~ precinct in which the person offers to vote for 30 days next preceding an election, shall, if otherwise qualified as prescribed in this Chapter, be qualified to vote in ~~any election held in this State. the precinct in which the person resides.~~ Removal from one ~~precinct, ward, or other election district~~ precinct to another in this State shall not operate to deprive any person of the right to vote in the ~~precinct, ward, or other election district~~ precinct from which ~~he~~ the person has removed until 30 days after the person's removal.

Except as provided in this Chapter, the following classes of persons shall not be allowed to vote in this State:

- (1) Persons under 18 years of age.
- (2) Any person adjudged guilty of a felony against this State or the United States, or adjudged guilty of a felony in another state that also would be a felony if it had been committed in this State, unless that person shall be first restored to the rights of citizenship in the manner prescribed by law.

(b) ~~Precincts and Election Districts.~~ **Precincts.** – For purposes of qualification to vote in an election, a person's residence in a ~~precinct, ward, or election district~~ precinct shall be determined in accordance with G.S. 163-57. ~~When an election district encompasses more than one precinct, then for purposes of those offices to be elected from that election district a person shall also be deemed to be resident in the election district which includes the precinct in which that person resides. An election district may include a portion of a county, an entire county, a portion of the State, or the entire State. When a precinct has been divided among two or more election districts for purposes of elections to certain offices, then with respect to elections to those offices a person shall be deemed to be resident in only that election district which includes the area of the precinct in which that person resides. Qualification to vote in referenda shall be treated the same as qualification for elections to fill offices.~~

(c) **Elections.** – For purposes of the 30-day residence requirement to vote in an election in subsection (a) of this section, the term "election" means the day of the primary, second primary, general election, special election, or referendum."

SECTION 49.3. G.S. 163-166.11(5) reads as rewritten:

- "(5) The county board of elections shall count the individual's provisional official ballot for all ballot items on which it determines that the individual was eligible under State or federal law to ~~vote~~ vote, ~~except that the ballot shall not be counted if the voter did not vote in the proper precinct under G.S. 163-55, including a central location as provided by that section.~~"

SECTION 49.4 G.S. 163-182.2(a)(4) reads as rewritten:

- "(4) Provisional official ballots shall be counted by the county board of elections before the canvass. If the county board finds that an individual voting a provisional official ballot is not eligible to vote in one or more ballot items on the official ballot, the board shall not count the official ballot in those ballot items, but shall count the official ballot in any ballot items for which the individual is eligible to vote. Eligibility shall be determined by whether the voter is registered in the county as provided in G.S. 163-82.1~~379~~

whether the voter is qualified by residency to vote in the ~~election district~~ precinct as provided in G.S. 163-55 and G.S. 163-57. If a voter was properly registered to vote in the election by the county board, no mistake of an election official in giving the voter a ballot or in failing to comply with G.S. 163-82.15 or G.S. 163-166.11 shall serve to prevent the counting of the vote on any ballot item the voter was eligible by registration and qualified by residency to vote."

PART 50. ELECTIONEERING COMMUNICATION

SECTION 50.1. G.S. 163-278.6(8j) reads as rewritten:

- "(8j) The term "electioneering communication" means any broadcast, cable, or satellite communication, or mass mailing, or telephone bank that has all the following characteristics:
- a. Refers to a clearly identified candidate for elected office.
 - b. ~~Is—~~In the case of the general election in November of the even-numbered year is aired or transmitted after September 7 of that year, and in the case of any other election is aired or transmitted within 60 days of the time set for absentee voting to begin pursuant to G.S. 163-227.2 in an election for that office.
 - c. May be received by either:
 1. 50,000 or more individuals in the State in an election for statewide office or 7,500 or more individuals in any other election if in the form of broadcast, cable, or satellite communication.
 2. 20,000 or more households, cumulative per election, in a statewide election or 2,500 households, cumulative per election, in any other election if in the form of mass mailing or telephone bank."

PART 51. ELIMINATE INSTANT-RUNOFF FOR LATE JUDICIAL VACANCIES

SECTION 51.1. G.S. 163-329(b1) reads as rewritten:

"(b1) Method for Vacancy Election. – If a vacancy for the office of justice of the Supreme Court, judge of the Court of Appeals, or judge of the superior court occurs more than 60 days before the general election and after the opening of the filing period for the primary, then the State Board of Elections shall designate a special filing period of one week for candidates for the office. If more than two candidates file and qualify for the office in accordance with G.S. 163-323, then the Board shall conduct the election for the office as follows:

- (1) When the vacancy described in this section occurs more than 63 days before the date of the second primary for members of the General Assembly, a special primary shall be held on the same day as the second primary. The two candidates with the most votes in the special primary shall have their names placed on the ballot for the general election held on the same day as the general election for members of the General Assembly.
- (2) When the vacancy described in this section occurs less than 64 days before the date of the second primary, a general election for all the candidates shall be held on the same day as the general election for members of the General Assembly and the results shall be determined on a plurality basis as provided by G.S. 163-292.~~the "instant runoff voting" method shall be used to determine the winner. Under "instant runoff voting," voters rank up to three of the candidates by order of preference, first, second, or third. If the candidate with the greatest number of first choice votes receives more than fifty percent (50%) of the first choice votes, that candidate wins. If no candidate receives that minimum number, the two candidates with the greatest number of first choice votes advance to a second round of counting. In this round, each ballot counts as a vote for whichever of the two final candidates is ranked highest by the voter. The candidate with the most votes in the second round wins the election. If more than one seat is to be filled in the same race, the voter votes the same way as if one seat were to be filled. The counting is the same as when one seat is to be filled, with one or two~~

~~rounds as needed, except that counting is done separately for each seat to be filled. The first count results in the first winner. Then the second count proceeds without the name of the first winner. This process results in the second winner. For each additional seat to be filled, an additional count is done without the names of the candidates who have already won. In multi-seat contests, the State Board of Elections may give the voter more than three choices.~~

- (3) ~~If two or more candidates receiving the highest number of votes each receive the same number of votes, the board of elections shall resolve the tie in accordance with G.S. 163-182.8."~~

PART 52. IDENTIFYING PROVISIONAL BALLOTS AS SUCH

SECTION 52.1. Article 14A of Chapter 163 of the General Statutes is amended by adding a new section to read:

"§ 163-166.11A. Notation on provisional ballot.

Whenever a voter is permitted to vote a provisional ballot, the election official issuing the ballot shall annotate in writing or other means on the ballot that it is a provisional ballot."

PART 53. ELECTION CYCLE AND REPORTING CHANGES

SECTION 53.1.(a) G.S. 163-278.13(d) reads as rewritten:

"(d) For the purposes of this section, the term "an election" means the period of time from January 1 of an odd-numbered year through any the day of the primary, the day after the primary through the day of the second primary, or the day after the primary through December 31 of the next even-numbered year, general election in which the candidate or political committee may be involved, without regard to whether the candidate is opposed or unopposed in the election, except that where a candidate is not on the ballot in a second primary, that second primary is not "an election" with respect to that candidate."

SECTION 53.1.(c) This section becomes effective January 1, 2014.

PART 54. DEFINITION OF POLITICAL COMMITTEE IN CAMPAIGN FINANCE ACT

SECTION 54.1. The Joint Legislative Elections Oversight Committee shall study establishing a threshold for the creation of a political committee and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 55. ALTER CAMPAIGN FINANCE REPORTING SCHEDULE

SECTION 55.1. The Joint Legislative Elections Oversight Committee shall study conforming political committees, electioneering communications, and independent expenditures reporting schedules to similar dates and information, and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 56. DISCLOSURE REQUIREMENTS FOR MEDIA ADVERTISEMENTS

SECTION 56.1. G.S. 163-278.39(a) reads as rewritten:

"(a) Basic Requirements. – It shall be unlawful for any sponsor to sponsor an advertisement in the print media or on radio or television that constitutes an expenditure, independent expenditure, electioneering communication, or contribution required to be disclosed under this Article unless all the following conditions are met:

- (1) It bears the legend or includes the statement: "Paid for by _____ [Name of candidate, candidate campaign committee, political party organization, political action committee, referendum committee, individual, or other sponsor]." In television advertisements, this disclosure shall be made by visual legend.
- (2) The name used in the labeling required in subdivision (1) of this subsection is the name that appears on the statement of organization as required in G.S. 163-278.7(b)(1) or G.S. 163-278.12C(a).

- (3) Repealed by Session Laws 2001-353, s. 5, effective August 10, 2001.
- (4) ~~The sponsor states in the advertisement its position for or against a ballot measure, provided that this subdivision applies only if the advertisement is made for or against a ballot measure.~~
- (5) In a print media advertisement supporting or opposing the nomination or election of one or more clearly identified candidates, the sponsor states whether it is authorized by a candidate. The visual legend in the advertisement shall state either "Authorized by [name of candidate], candidate for [name of office]" or "Not authorized by a candidate." This subdivision does not apply if the sponsor of the advertisement is the candidate the advertisement supports or that candidate's campaign committee.
- (6) In a print media advertisement that identifies a candidate the sponsor is opposing, the sponsor discloses in the advertisement the name of the candidate who is intended to benefit from the advertisement. This subdivision applies only when the sponsor coordinates or consults about the advertisement or the expenditure for it with the candidate who is intended to benefit.
- (7) ~~In a print media advertisement supporting or opposing the nomination or election of one or more clearly identified candidates that is an independent expenditure, the sponsor discloses the names of the individuals or persons making the five largest donations to the sponsor within the six-month period prior to the purchase of the advertisement if those donations are required to be reported under G.S. 163-278.12.~~
- (8) ~~In a print media advertisement that is an electioneering communication, the sponsor discloses the names of the individuals or person making the five largest donations to the sponsor within the six-month period prior to the purchase of the advertisement if those donations are required to be reported under G.S. 163-278.12C.~~

If an advertisement described in this section is jointly sponsored, the disclosure statement shall name all the sponsors."

PART 57. STUDY ELIMINATION OF 48-HOUR REPORT

SECTION 57.1. The Joint Legislative Elections Oversight Committee shall study the elimination of the 48-hour campaign finance report provided by G.S. 163-278.9(4a), and recommend to the General Assembly any legislation it deems advisable. It may make an interim report prior to the date that the General Assembly reconvenes the 2013 Regular Session in 2014, and shall make a final report before the convening of the 2015 Regular Session of the General Assembly.

PART 59. RAFFLES BY CANDIDATES OR POLITICAL COMMITTEES

SECTION 59.1. G.S. 14-309.15(a) reads as rewritten:

"(a) It is lawful for any nonprofit organization or association, recognized by the Department of Revenue as tax-exempt pursuant to G.S. 105-130.11(a), or for any bona fide branch, chapter, or affiliate of such organization, candidate, political committee, and for any government entity within the State, to conduct raffles in accordance with this section. Any person who conducts a raffle in violation of any provision of this section shall be guilty of a Class 2 misdemeanor. Upon conviction that person shall not conduct a raffle for a period of one year. It is lawful to participate in a raffle conducted pursuant to this section. It shall not constitute a violation of State law to advertise a raffle conducted in accordance with this section. A raffle conducted pursuant to this section is not "gambling". For the purpose of this section, "candidate" and "political committee" have the meaning provided by Article 22A of Chapter 163A of the General Statutes, who have filed organization reports under that Article, and who are in good standing with the appropriate board of elections. Receipts and expenditures of a raffle by a candidate or political committee shall be reported in accordance with Article 22A of Chapter 163A of the General Statutes, and ticket purchases are contributions within the meaning of that Article."

382 PART 60. SEVERABILITY AND EFFECTIVE DATE

SECTION 60.1. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 60.2. This Part is effective when it becomes law. Except as provided herein, the remainder of this act becomes effective January 1, 2014.

In the General Assembly read three times and ratified this the 26th day of July, 2013.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 2:14 p.m. this 12th day of August, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-80
HOUSE BILL 591**

AN ACT TO SPECIFY THE TERM OF OFFICE FOR APPOINTED MEMBERS OF THE NORTH CAROLINA LONGITUDINAL DATA SYSTEM BOARD, TO MAKE THE STATE INFORMATION OFFICER CHAIR OF THE NORTH CAROLINA LONGITUDINAL DATA SYSTEM BOARD, TO SPECIFY THE TIMES FOR MEETING OF THE NORTH CAROLINA LONGITUDINAL DATA SYSTEM BOARD, AND TO REQUIRE QUARTERLY REPORTING OF PROGRESS ON THE NORTH CAROLINA LONGITUDINAL DATA SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116E-3(a)(10) reads as rewritten:

"(10) The State Chief Information Officer, ~~or the Officer's designee.~~Officer."

SECTION 2. G.S. 116E-3(b) reads as rewritten:

"(b) Appointed members of the Board shall serve terms of four years. Terms of appointed members shall begin May 1, 2013, and every four years thereafter. Appointed members may be reappointed but shall not serve more than two consecutive terms. Vacancies among appointed members shall be filled by the appointing entity and shall be for the remainder of the vacant term."

SECTION 3. G.S. 116E-3(c) reads as rewritten:

"(c) The chair of the Board shall be the State Chief Information Officer. The Board shall elect from the appointed members a chair and a vice-chair for a term of two years.~~A chair may serve no more than two consecutive terms.~~"

SECTION 4. G.S. 116E-3 is amended by adding a new subsection to read:

"(e) The Board shall hold an initial meeting upon appointment of a majority of the appointed members. The Board shall meet at least quarterly, but may meet more frequently upon the call of the chair."

SECTION 5. G.S. 116E-4(c) reads as rewritten:

"(c) The Board shall report ~~annually~~quarterly to the Joint Legislative Education Oversight Committee, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Committee on Information Technology beginning September 30, 2013.~~by December 15.~~ The report shall include the following:

- (1) An update on the implementation of the System's activities.
- (2) Any proposed or planned expansion of System data.
- (3) Any other recommendations made by the Board, including the most effective and efficient configuration for the System."



SECTION 6. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 6th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:25 p.m. this 12th day of June, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-133
HOUSE BILL 611**

AN ACT TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO EXPUNGE SUSPENSIONS AND REVOCATIONS ENTERED ON A LIMITED PERMITTEE OR PROVISIONAL LICENSEE'S DRIVING RECORD IF THE STUDENT PROVIDES THE REQUIRED DOCUMENTATION TO THE DIVISION THAT THE STUDENT MEETS THE ELIGIBILITY REQUIREMENTS AND IF THE LIMITED PERMITTEE OR PROVISIONAL LICENSEE HAS NEVER HAD A PRIOR EXPUNCTION FROM THE PERMITTEE'S DRIVING RECORD.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-13.2(c1) reads as rewritten:

"(c1) Upon receipt of notification from the proper school authority that a person no longer meets the requirements for a driving eligibility certificate under G.S. 20-11(n), the Division must expeditiously notify the person that his or her permit or license is revoked effective on the tenth calendar day after the mailing of the revocation notice. The Division must revoke the permit or license of that person on the tenth calendar day after the mailing of the revocation notice. Notwithstanding subsection (d) of this section, the length of revocation must last for the following periods:

- (1) If the revocation is because of ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1), then the revocation shall last until the person's eighteenth birthday.
- (2) If the revocation is because of ineligibility for a driving eligibility certificate under G.S. 20-11(n1), then the revocation shall be for a period of one year.

For a person whose permit or license was revoked due to ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1), the Division must restore a person's permit or license before the person's eighteenth birthday, if the person submits to the Division one of the following:

- (1) A high school diploma or its equivalent.
- (2) A driving eligibility certificate as required under G.S. 20-11(n).

If the Division restores a permit or license that was revoked due to ineligibility for a driving eligibility certificate under G.S. 20-11(n)(1), any record of revocation or suspension shall be expunged by the Division from the person's driving record. The Division shall not expunge a suspension or revocation record if a person has had a prior expunction from the person's driving record for any reason.

For a person whose permit or license was revoked due to ineligibility for a driving eligibility certificate under G.S. 20-11(n1), the Division shall restore a person's permit or license before the end of the revocation period, if the person submits to the Division a driving eligibility certificate as required under G.S. 20-11(n).

Notwithstanding any other law, the decision concerning whether a driving eligibility certificate was properly issued or improperly denied shall be appealed only as provided under the rules adopted in accordance with G.S. 115C-12(28), 115D-5(a3), or 115C-566, whichever is applicable, and may not be appealed under this Chapter."



SECTION 2. This act becomes effective December 1, 2013, and applies to reinstatements occurring on or after that date.

In the General Assembly read three times and ratified this the 13th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:23 p.m. this 19th day of June, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-353
HOUSE BILL 669**

AN ACT TO APPOINT PERSONS TO VARIOUS PUBLIC OFFICES UPON THE
RECOMMENDATION OF THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
AND THE PRESIDENT PRO TEMPORE OF THE SENATE.

Whereas, G.S. 120-121 authorizes the General Assembly to make certain appointments to public offices upon the recommendation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate; and

Whereas, the Speaker of the House of Representatives and the President Pro Tempore of the Senate have made recommendations; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. SPEAKER'S APPOINTMENTS

SECTION 1.1. Karen A. Vaughn of New Hanover County is appointed to the Acupuncture Licensing Board for a term expiring on June 30, 2016.

SECTION 1.2. Effective October 1, 2013, Marvin N. Arrington of Pitt County is appointed to the African-American Heritage Commission for a term expiring on September 30, 2016.

SECTION 1.3. Dwight E. Shook of Alexander County is appointed to the North Carolina Agricultural Finance Authority for a term expiring on June 30, 2016.

SECTION 1.5.(a) Bryan "Kent" Jackson of Wake County is appointed to the State Building Commission for a term expiring on June 30, 2015, to fill the unexpired term of Robert W. Hites, Jr.

SECTION 1.5.(b) Rick A. Whitaker of Durham County is appointed to the State Building Commission for a term expiring on June 30, 2016.

SECTION 1.6. Effective March 1, 2013, John Reid of Mecklenburg County is appointed to the North Carolina Capital Facilities Finance Agency Board of Directors for a term expiring on March 1, 2017.

SECTION 1.7. Judi K. Grainger of Wake County and Ray N. Rouse, III of Wake County are appointed to the Centennial Authority for terms expiring on June 30, 2017.

SECTION 1.8.(a) Cheryl D. Turner of Mecklenburg County is appointed to the North Carolina Charter School Advisory Board for a term expiring on June 30, 2015.

SECTION 1.8.(b) Eric E. Sanchez of Henderson County and Alex Quigley of Durham County are appointed to the North Carolina Charter School Advisory Board for terms expiring on June 30, 2017.

SECTION 1.9.(a) Janice Price of Mecklenburg County and Glenda Weinert of Buncombe County are appointed to the Child Care Commission for terms expiring on June 30, 2015.

SECTION 1.9.(b) Susan Creech of Wake County and Kevin R. Campbell of Mecklenburg County are appointed to the Child Care Commission for terms expiring on June 30, 2016.

SECTION 1.10. Dr. Ricky Sides of Forsyth County is appointed to the State Board of Chiropractic Examiners for a term expiring on June 30, 2015.

SECTION 1.11.(a) Effective August 1, 2013, Kevin W. Markham of Wake County is appointed to the Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2014.



SECTION 1.11.(b) Effective August 1, 2013, J. Frank Bragg of Mecklenburg County is appointed to the Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2015.

SECTION 1.11.(c) Effective August 1, 2013, Charles E. Vines of Mitchell County is appointed to the Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2016.

SECTION 1.12. R. Steven Johnson of Wake County, Chief Patricia Bazemore of Wake County, Angela L. Williams of Guilford County, and Diane Isaacs of Cumberland County are appointed to the North Carolina Criminal Justice Education and Training Standards Commission for terms expiring on June 30, 2015.

SECTION 1.13. Robert A. Graves of Randolph County is appointed to the Criminal Justice Information Network Governing Board for a term expiring on June 30, 2017.

SECTION 1.14. Bradley Lail of Catawba County is appointed to the Disciplinary Hearing Commission of the North Carolina State Bar for a term expiring on June 30, 2015, to fill an unexpired term of the Honorable Shirley Randleman.

SECTION 1.15. Effective September 1, 2013, Marisol D. Barr of Beaufort County and the Honorable Jennifer Knox of Wake County are appointed to the Domestic Violence Commission for terms expiring on August 31, 2015.

SECTION 1.16. Effective September 1, 2013, Ronda Jones of Stokes County is appointed to the North Carolina Board of Electrolysis Examiners for a term expiring on August 31, 2016.

SECTION 1.17. The Honorable Dan Ingle of Alamance County is appointed to the North Carolina Emergency Medical Services Advisory Council for a term expiring on December 31, 2014, to fill the unexpired term of the Honorable William Wainwright.

SECTION 1.18.(a) Effective August 1, 2013, Clyde E. "Butch" Smith of Cleveland County is appointed to the Environmental Management Commission for a term expiring on June 30, 2015.

SECTION 1.18.(b) Effective August 1, 2013, Benne C. Hutson of Mecklenburg County and Charles Carter of Wake County are appointed to the Environmental Management Commission for terms expiring on June 30, 2017.

SECTION 1.19. Kevin S. Gordon of Cleveland County is appointed to the State Fire and Rescue Commission for a term expiring on June 30, 2016.

SECTION 1.20. William Thomas Lamm, III of Wilson County and Steve R. Mayo of Wayne County are appointed to the Board of Directors of the North Carolina Global TransPark Authority for terms expiring on June 30, 2017.

SECTION 1.21. Elizabeth Gregg of Mecklenburg County is appointed to the Board of the North Carolina Health Insurance Risk Pool for a term expiring on June 30, 2016.

SECTION 1.23. Harold "Butch" Upton of Cleveland County is appointed to the North Carolina Home Inspector Licensure Board for a term expiring on July 1, 2017.

SECTION 1.24. Effective January 1, 2014, Representative John Szoka of Cumberland County is appointed to the Interstate Commission on Educational Opportunity for Military Children for a term expiring on December 31, 2015.

SECTION 1.25. The Honorable Stan Haywood of Randolph County, Ashley M. Honeycutt of Wake County, Representative Tom Murry of Wake County, Representative Mark Hollo of Alexander County, Representative Becky Carney of Mecklenburg County, Wanda Moore of Chowan County, and Leigh Foushee of Johnston County are appointed to the Justus-Warren Heart Disease and Stroke Prevention Task Force for terms expiring on June 30, 2015.

SECTION 1.26. The Honorable Michael D. Philbeck of Cleveland County is appointed to the Local Government Commission for a term expiring on June 30, 2017.

SECTION 1.27. Effective January 1, 2014, James Storie of Watauga County is appointed to the North Carolina Locksmith Licensing Board for a term expiring on December 31, 2016.

SECTION 1.28. Effective September 1, 2013, Douglas S. Baker of Orange County is appointed to the North Carolina State Lottery Commission for a term expiring on August 31, 2018.

SECTION 1.29. R. Gene Davis of Wake County and Mary Jo Cresimore of Wake County are appointed to the Board of Trustees of the North Carolina Museum of Art for terms expiring on June 30, 2015.

SECTION 1.30.(a) Holly Koerber of Pasquotank County is appointed to the North Carolina's Northeast Commission for a term expiring on June 30, 2014, to fill the unexpired term of Steven E. Howell.

SECTION 1.30.(b) The Honorable Roland H. Vaughan of Chowan County, David B. King of Halifax County, and Mark C. Hamblin of Beaufort County are appointed to the North Carolina's Northeast Commission for terms expiring on June 30, 2014.

SECTION 1.31. Patricia Campbell of Iredell County is appointed to the North Carolina Board of Nursing for a term expiring on December 31, 2015, to fill the unexpired term of James L. Forte.

SECTION 1.32.(a) Effective August 1, 2013, Edward W. Wood of Chowan County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2014.

SECTION 1.32.(b) Effective August 1, 2013, Paul A. Herbert of Mecklenburg County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2015.

SECTION 1.32.(c) Effective August 1, 2013, Lydia Boesch of Moore County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2016.

SECTION 1.33. Phillip J. Strach of Wake County is appointed to the State Personnel Commission for a term expiring on June 30, 2019.

SECTION 1.34. George Rountree, III of New Hanover County is appointed to the North Carolina State Ports Authority for a term expiring on June 30, 2015.

SECTION 1.35. James Nance of Stanly County is appointed to the North Carolina Railroad Company Board of Directors for a term expiring on June 30, 2017.

SECTION 1.36. Dianne M. Layden of Perquimans County is appointed to the North Carolina Recreational Therapy Licensure Board for a term expiring on June 30, 2016.

SECTION 1.37. Dale Petty of Dare County, Danny Gray of Camden County, and Earl W. Willis, Jr. of Chowan County are appointed to the Roanoke Island Commission for terms expiring on June 30, 2015.

SECTION 1.38. Garth K. Dunklin of Mecklenburg County, Stephanie Mansur Simpson of Wake County, and the Honorable Ralph Walker of Guilford County are appointed to the Rules Review Commission for terms expiring on June 30, 2015.

SECTION 1.39. Constance M. Adams of Burke County is appointed to the North Carolina Board for Licensing of Soil Scientists for a term expiring on June 30, 2016.

SECTION 1.40. Loris Colclough of Forsyth County is appointed to the Board of Trustees of the Teachers' and State Employees' Retirement System for a term expiring on June 30, 2015.

SECTION 1.41. Linda Suggs of Wake County and Fletcher "Gene" McIntrye of Stanly County are appointed to the North Carolina Center for the Advancement of Teaching Board of Trustees for terms expiring on June 30, 2017.

SECTION 1.42. Dr. Peggy D. Smith of Johnston County is appointed to the Teaching Fellows Commission for a term expiring on June 30, 2015.

SECTION 1.43. Frank X. Roche of Wake County is appointed to the Board of Trustees of the University of North Carolina Center for Public Television for a term expiring on June 30, 2015.

SECTION 1.44. Stephen Lawler of Pitt County and Robert T. "Bob" Numbers, II of Wake County are appointed to the University of North Carolina Panel on Nongovernmental Competition for terms expiring on June 30, 2017.

SECTION 1.45. Representative Nelson Dollar of Wake County and Representative Bill Brawley of Mecklenburg County are appointed to the Virginia-North Carolina High Speed Rail Compact for terms expiring on December 31, 2014.

SECTION 1.46. David J. Brown of Yadkin County and John H. Boyette of Wilson County are appointed to the Well Contractors Certification Commission for terms expiring on June 30, 2016.

SECTION 1.47. George Richard Edwards, Jr. of New Hanover County, the Honorable Timothy L. Spear of Washington County, Thomas L. Fonville of Wake County, and Chief Michell Hicks of Cherokee County are appointed to the North Carolina Wildlife Resources Commission for terms expiring on June 30, 2015.

SECTION 1.48. James L.F. Smith of New Hanover County, Robert F. Warwick of New Hanover County, and the Honorable G.L. Pridgen of Robeson County are appointed to the Southeastern North Carolina Regional Economic Development Commission for terms expiring on June 30, 2014.

SECTION 1.49. The Honorable Bruce Goforth of Buncombe County, Pamela Moody of Graham County, and Erik C. Brinke of Cherokee County are appointed to the Western North Carolina Regional Economic Development Commission for terms expiring on June 30, 2014.

SECTION 1.50. The Reverend Stanley A. Lewis of Halifax County is appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., for a term expiring on December 31, 2014, to fill the unexpired term of the Reverend Adam Hatley.

SECTION 1.51. Jerry Pearce of Wake County is appointed to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for a term expiring on July 1, 2016.

SECTION 1.52. Richard "Dick" Lagatore of Mecklenburg County is appointed to the North Carolina Cemetery Commission for a term expiring on June 30, 2017.

PART II. PRESIDENT PRO TEMPORE'S APPOINTMENTS

SECTION 2.1. Nancy A. Fuller of Mecklenburg County and Emmylou Norfleet of Buncombe County are appointed to the Acupuncture Licensing Board for terms expiring on June 30, 2016.

SECTION 2.2. Belinda Ann Tate of Forsyth County is appointed to the African-American Heritage Commission for a term expiring on June 30, 2016.

SECTION 2.3. W. Lentz Brewer of New Hanover County is appointed to the Board of Trustees of the Teachers' and State Employees' Retirement System for a term expiring on June 30, 2015.

SECTION 2.4.(a) Tara Fields of Johnston County is appointed to the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for a term expiring on June 30, 2014, to fill the unexpired term of Frank H. Edwards.

SECTION 2.4.(b) Melissa Gott of New Hanover County is appointed to the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for a term expiring on June 30, 2015, to fill the unexpired term of Patricia B. Todd.

SECTION 2.4.(c) Dr. Brian B. Sheitman of Wake County and Pamela B. Poteat of Gaston County are appointed to the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for terms expiring on June 30, 2016.

SECTION 2.5. Augustus "Dick" Adams of Pitt County is appointed to the North Carolina Crime Victims Compensation Commission for a term expiring on June 30, 2017.

SECTION 2.6. Jim K. Festerman of Rockingham County, Robert "Bob" Myrick of Brunswick County, Charles T. Johnson of Wake County, and Johnny D. Hawkins of Durham County are appointed to the Criminal Justice Education and Training Standards Commission for terms expiring on June 30, 2015.

SECTION 2.7.(a) Randy Moreau of New Hanover County is appointed to the Disciplinary Hearing Commission of the North Carolina State Bar for a term expiring on June 30, 2015, to fill the unexpired term of Joshua Fulton.

SECTION 2.7.(b) Michael Edward of Wake County is appointed to the Disciplinary Hearing Commission of the North Carolina State Bar for a term expiring on June 30, 2016.

SECTION 2.8. Effective September 1, 2013, Cathy M. Cloninger of Gaston County, Karla Siu of Durham County, Pamela T. Thompson of Alamance County, and Nathaniel Parker of Wake County are appointed to the Domestic Violence Commission for terms expiring on August 31, 2015.

SECTION 2.9. Helen Brann of Person County, Shonda Corbett of Wake County, David Huang of Orange County, the Honorable Austin Allran of Catawba County, Glenn Martin of Rockingham County, the Honorable Louis Pate of Wayne County, the Honorable David L. Curtis of Lincoln County, and Mike Patil of Orange County are appointed to the Justus-Warren Heart Disease and Stroke Prevention Task Force for terms expiring on June 30, 2015.

SECTION 2.10. William A. Rodda of Forsyth County is appointed to the Local Government Commission for a term expiring on June 30, 2017.

SECTION 2.11. Charles B. Williams of New Hanover County is appointed to the North Carolina Agricultural Finance Authority for a term expiring on June 30, 2016.

SECTION 2.12. Samuel Houston of Wake County is appointed to the North Carolina Board of Science and Technology for a term expiring on June 30, 2015.

SECTION 2.13. Michael D. Powell of Brunswick County is appointed to the North Carolina Cemetery Commission for a term expiring on June 30, 2017.

SECTION 2.14.(a) Melanie C. Gayle of Moore County and April Duvall of Macon County are appointed to the North Carolina Child Care Commission for terms expiring on June 30, 2015.

SECTION 2.14.(b) Elizabeth Gilleland of Wake County and Charles F. McDowell, III of Scotland County are appointed to the North Carolina Child Care Commission for terms expiring on June 30, 2016.

SECTION 2.15.(a) Effective August 1, 2013, Robin S. Hackney of New Hanover County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2014.

SECTION 2.15.(b) Effective August 1, 2013, Johnny D. Martin of Wake County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2015.

SECTION 2.15.(c) Effective August 1, 2013, William Toole of Gaston County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2016.

SECTION 2.16. Crystal Combs Cody of Lincoln County, Robert "Bob" Lee of Anson County, and Daniel N. Kiger of Surry County are appointed to the Criminal Justice Information Network Governing Board for terms expiring on June 30, 2017.

SECTION 2.17.(a) Effective August 1, 2013, David W. Anderson of Johnston County and Steve Keen of Wayne County are appointed to the Environmental Management Commission for terms expiring on June 30, 2015.

SECTION 2.17.(b) Effective August 1, 2013, Steve Tedder of Stokes County is appointed to the Environmental Management Commission for a term expiring on June 30, 2017.

SECTION 2.18. Danny Barwick Smith of Lenoir County is appointed to the Board of Directors of the North Carolina Global TransPark Authority for a term expiring on June 30, 2017.

SECTION 2.19.(a) Stancil Barnes of Edgecombe County and Dean Carpenter of Gaston County are appointed to the North Carolina Housing Finance Agency Board of Directors for terms expiring on June 30, 2015.

SECTION 2.19.(b) Paul Kennedy of Guilford County and Charles Mullen of Nash County are appointed to the North Carolina Housing Finance Agency Board of Directors for terms expiring on June 30, 2017.

SECTION 2.20.(a) Charles A. Allen of Cumberland County is appointed to the North Carolina Irrigation Contractors' Licensing Board for a term expiring on September 30, 2015, to fill the unexpired term of Frank Snow.

SECTION 2.20.(b) Effective October 1, 2013, Lindsey R. Griffin of Pitt County is appointed to the North Carolina Irrigation Contractors' Licensing Board for a term expiring on September 30, 2016.

SECTION 2.21. David Cranfield of Rowan County and Clifford DeSpain of Wake County are appointed to the North Carolina Manufactured Housing Board for terms expiring on June 30, 2016.

SECTION 2.22. Carol Carstarphen of Gaston County and Becki Gray of Wake County are appointed to the North Carolina Museum of Art Board of Trustees for terms expiring on June 30, 2015.

SECTION 2.23.(a) Walter H. James of Rockingham County is appointed to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for a term expiring on July 1, 2014, to fill the unexpired term of Jim Lanier.

SECTION 2.23.(b) William Davis of Wilson County is appointed to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for a term expiring on July 1, 2016.

SECTION 2.24. Effective January 1, 2014, Joan Graham of Guilford County, Marie D. Inscore of Nash County, and Tannis F. Nelson of New Hanover County are appointed

to the Board of Directors of the North Carolina Partnership for Children, Inc., for terms expiring on December 31, 2016.

SECTION 2.25. John Pike of Wayne County is appointed to the North Carolina Railroad Board of Directors for a term expiring on June 30, 2017.

SECTION 2.26. Michael Atkins of Wake County is appointed to the North Carolina Recreational Therapy Licensure Board for a term expiring on June 30, 2016.

SECTION 2.27. Robin L. Ross of Caldwell County is appointed to the North Carolina Respiratory Care Board for a term expiring on June 30, 2016.

SECTION 2.28. Paula T. Benson of Wilson County and Eric R. Hall of Wake County are appointed to the North Carolina School of Science and Mathematics Board of Trustees for terms expiring on June 30, 2017.

SECTION 2.29. Kory J. Swanson of Durham County is appointed to the North Carolina Marine Industrial Park Authority for a term expiring on June 30, 2015.

SECTION 2.30. Mark Nichols of Johnston County is appointed to the North Carolina Sheriffs' Education and Training Standards Commission for a term expiring on June 30, 2015.

SECTION 2.31.(a) Aaron K. Thomas of Robeson County is appointed to the North Carolina State Building Commission for a term expiring on June 30, 2015, to fill the unexpired term of Benjamin Tuggle.

SECTION 2.31.(b) Susan Lewis of Gaston County is appointed to the North Carolina State Building Commission for a term expiring on June 30, 2016.

SECTION 2.32. Daniel Locklear of Robeson County is appointed to the North Carolina State Commission of Indian Affairs for a term expiring on June 30, 2015.

SECTION 2.33. Effective September 1, 2013, Barry Dodson of Rockingham County is appointed to the North Carolina State Lottery Commission for a term expiring on August 31, 2018.

SECTION 2.34. Michael Lee of New Hanover County is appointed to the North Carolina State Ports Authority for a term expiring on June 30, 2015.

SECTION 2.35. Jo Ann Hines Duncan of Wake County is appointed to the North Carolina Teaching Fellows Commission for a term expiring on June 30, 2015.

SECTION 2.36. Perry Safran of Wake County is appointed to the North Carolina Turnpike Authority Board for a term expiring on January 13, 2017.

SECTION 2.37. Thomas Berry of Guilford County, Mark Craig of Guilford County, Wendell Murphy of Duplin County, and Garry Spence of Mecklenburg County are appointed to the North Carolina Wildlife Resources Commission for a term expiring on June 30, 2015.

SECTION 2.38. Robert "Bob" Quinn of Chowan County, John Robbins of Dare County, and Peregrine White of Dare County are appointed to the Roanoke Island Commission for terms expiring on June 30, 2015.

SECTION 2.39. Dr. Miguel Cruz of Yancey County is appointed to the State Board of Chiropractic Examiners for a term expiring on June 30, 2016.

SECTION 2.40. Joseph Lovallo of Transylvania County is appointed to the North Carolina State Board of Cosmetic Art Examiners for a term expiring on June 30, 2016.

SECTION 2.41. Ronnie Griffin of Wayne County is appointed to the State Fire and Rescue Commission for a term expiring on June 30, 2016.

SECTION 2.42. Orson Scott Card of Guilford County is appointed to the University of North Carolina Center for Public Television Board of Trustees for a term expiring on June 30, 2015.

SECTION 2.43. Effective January 1, 2014, Ken Burkel of Forsyth County, Lloyd Jordan, Jr. of Pitt County, Lisa B. McCann of Cabarrus County, and Arthur Totillo of Person County are appointed to the License to Give Trust Fund Commission for terms expiring on December 31, 2015.

SECTION 2.44.(a) Effective upon the effective date of this act, Jim Gusler of Caswell County is appointed to the North Carolina Emergency Medical Services Advisory Council for a term expiring on December 31, 2015.

SECTION 2.44.(b) Effective January 1, 2014, Traci M. Little of Alamance County is appointed to the North Carolina Emergency Medical Services Advisory Council for a term expiring on December 31, 2017.

SECTION 2.45. Effective January 1, 2014, Steve Stroud of Rowan County is appointed to the North Carolina Locksmith Licensing Board for a term expiring on December 31, 2016.

SECTION 2.46. Baker A. Mitchell, Jr. of New Hanover County is appointed to the North Carolina Charter School Advisory Board for a term expiring on June 30, 2015.

SECTION 2.47. Charles Johnson of Wake County is appointed to the Board of Trustees of the State Health Plan for Teachers and State Employees for a term expiring on June 30, 2015.

SECTION 2.48. Effective January 1, 2014, the Honorable Dan Soucek of Watauga County is appointed to the Education Commission of the States for a term expiring on December 31, 2015.

SECTION 2.49. Effective December 1, 2013, D. Anthony Blackman of Wake County is appointed to the Economic Investment Committee for a term expiring on November 30, 2015.

SECTION 2.50. Jeff T. Hyde of Guilford County, Margaret Currin of Wake County, John Hemphill of Wake County, Thomas G. Taylor of Gaston County, and Faylene Whitaker of Randolph County are appointed to the Rules Review Commission for terms expiring on June 30, 2015.

SECTION 2.51. Senator Kathy Harrington of Gaston County and Senator Bill Rabon of Brunswick County are appointed to the Virginia-North Carolina High-Speed Rail Compact Commission for terms expiring on June 30, 2015.

SECTION 2.52.(a) Effective August 1, 2013, Westin Bordeaux of New Hanover County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2014.

SECTION 2.52.(b) Effective August 1, 2013, Lisa Wolff of Alamance County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2015.

SECTION 2.52.(c) Effective August 1, 2013, Cynthia Tart of Brunswick County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2016.

SECTION 2.53.(a) Effective August 1, 2013, Captain Marc Hairston of Onslow County is appointed to the Coastal Resources Commission for a term expiring on June 30, 2014.

SECTION 2.53.(b) Effective August 1, 2013, Harry Q. Simmons, Jr. of Brunswick County is appointed to the Coastal Resources Commission for a term expiring on June 30, 2015.

SECTION 2.54. Tracy L. Philbeck of Gaston County is appointed to the Rural Infrastructure Authority for a term expiring on June 30, 2016.

PART III. TECHNICAL CORRECTIONS

SECTION 3. Section 2.5 of S.L. 2011-406 reads as rewritten:

"**SECTION 2.5.** Michelle Lowery of Buncombe County is reappointed to the North Carolina Recreational Therapy Licensure Board for a term expiring on ~~June 30, 2013~~. June 30, 2014."

PART IV. EFFECTIVE DATE

SECTION 4. Unless otherwise provided, this act is effective when it becomes law. In the General Assembly read three times and ratified this the 25th day of July, 2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-329
HOUSE BILL 700**

**AN ACT MAKING OMNIBUS CHANGES TO THE LAWS RELATING TO STATE
INFORMATION TECHNOLOGY GOVERNANCE.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 147-33.72B(b)(1) reads as rewritten:

"(b) The Plan shall include the following elements:

- (1) An inventory of current information technology assets and major projects currently in progress. As used in this subdivision, the term "major project" includes projects subject to review and approval under ~~G.S. 147-33.72C, or that cost more than five hundred thousand dollars (\$500,000) to implement G.S. 147-33.72C.~~

SECTION 2. G.S. 147-33.72C reads as rewritten:

"§ 147-33.72C. Project approval standards.

(a) Project Review and Approval. – The State Chief Information Officer shall:

- (1) Review all State agency information technology ~~projects that cost or are expected to cost more than five hundred thousand dollars (\$500,000), whether the project is undertaken in a single phase or component or in multiple phases or components.~~ projects. If the State Chief Information Officer determines a project meets the quality assurance requirements established under this Article, the State Chief Information Officer shall approve the project.
- (2) ~~Establish thresholds for determining which information technology projects costing or expected to cost five hundred thousand dollars (\$500,000) or less shall be subject to review and approval under subdivision (a)(1) of this section. When establishing the thresholds, the State Chief Information Officer shall consider factors such as project cost, potential project risk, agency size, and projected budget.~~

(b) Project Implementation. – No State agency shall proceed with an information technology project that is subject to review and approval under subsection (a) of this section until the State CIO approves the project. If a project is not approved, the State CIO shall specify in writing to the agency the grounds for denying the approval. The State CIO shall provide this information to the agency within five business days of the denial.

(c) Suspension of Approval. – The State Chief Information Officer may suspend the approval of any information technology project that does not continue to meet the applicable quality assurance standards. ~~This authority extends to any information technology project that costs more than five hundred thousand dollars (\$500,000) to implement regardless of whether the project was originally subject to review and approval under subsection (a) of this section.~~ If the State CIO suspends approval of a project, the State CIO shall specify in writing to the agency the grounds for suspending the approval. The State CIO shall provide this information to the agency within five business days of the suspension.

The Office of Information Technology Services shall report any suspension immediately to the Office of the State Controller and the Office of State Budget and Management. The Office of State Budget and Management shall not allow any additional expenditure of funds for a project that is no longer approved by the State Chief Information Officer.

(d) ~~General Quality Assurance. Information technology projects that are not subject to review and approval under subsection (a) of this section shall meet all other standards established under this Article.~~



(e) Performance Contracting. – All contracts between a State agency and a private party for information technology projects shall include provisions for vendor performance review and accountability. The State CIO may require that these contract provisions require a performance bond, include monetary penalties—penalties, or require other performance assurance measures for projects that are not completed or performed within the specified time period or that involve costs in excess of those specified in the contract. The State CIO may require contract provisions requiring a vendor to provide a performance bond, utilize cost savings realized on government-vendor partnerships, as defined in G.S. 143-135.9, as performance incentives for an information technology project vendor.

(f) Notwithstanding the provisions of G.S. 114-2.3, any State agency developing and implementing an information technology project with a total cost of ownership in excess of five million dollars (\$5,000,000) may be required by the State Chief Information Officer to engage the services of private counsel or subject matter experts with the appropriate information technology and intellectual property expertise. The private counsel or subject matter expert may review requests for proposals; review and provide advice and assistance during the evaluation of proposals and selection of any vendors; and review and negotiate contracts associated with the development, implementation, operation, and maintenance of the project. This requirement may also apply to information technology programs that are separated into individual projects, if the total cost of ownership for the overall program exceeds five million dollars (\$5,000,000)."

SECTION 3. G.S. 147-33.72H reads as rewritten:

"§ 147-33.72H. Information Technology Fund.

There is established a special revenue fund to be known as the Information Technology Fund, which may receive transfers or other credits as authorized by the General Assembly. Money shall be appropriated from the Information Technology Fund to support the operation and administration of the Office of the State Chief Information Officer. Money may be appropriated from the Information Technology Fund to meet statewide requirements, including planning, project management, security, electronic mail, State portal operations, and the administration of systemwide procurement procedures. Expenditures involving funds appropriated to the Office of Information Technology Services from the Information Technology Fund shall be made by the CIO. By October 1 of each year, the State CIO shall submit to the Joint Legislative Oversight Committee on Information Technology a report on all expenditures involving funds appropriated to the Office of Information Technology Services from the Information Technology Fund for the preceding fiscal year. Interest earnings on the Information Technology Fund balance shall be credited to the Information Technology Fund."

SECTION 4. G.S. 147-33.77(a) reads as rewritten:

"(a) The State Chief Information Officer may appoint a Chief Deputy Information Officer, one or more Deputy Chief Information Officers. The salary of the Chief a Deputy Information Officer shall be set by the State Chief Information Officer. The State Chief Information Officer may appoint all employees, including legal counsel, necessary to carry out the powers and duties of the office. These employees shall be subject to the State Personnel Act."

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-333
HOUSE BILL 701**

AN ACT PROVIDING THAT AGENCIES MAY PURCHASE INFORMATION TECHNOLOGY GOODS AND SERVICES THROUGH MULTIPARTY COOPERATIVE PURCHASING AGREEMENTS APPROVED BY THE STATE CHIEF INFORMATION OFFICER.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Subdivision (1) of G.S. 147-33.81 is recodified as subdivision (1a) of that section.

SECTION 1.(b) G.S. 147-33.81 is amended by adding a new subdivision to read:

"(1) "Cooperative purchasing agreement" means an agreement between a vendor and one or more states or state agencies providing that the parties may collaboratively or collectively purchase information technology goods and services in order to increase economics of scale and reduce costs."

SECTION 2. G.S. 147-33.95 reads as rewritten:

"§ 147-33.95. Procurement of information technology.

(a) Notwithstanding any other provision of law, the Office of Information Technology Services shall procure all information technology for State agencies. The Office shall integrate technological review, cost analysis, and procurement for all information technology needs of those State agencies in order to make procurement and implementation of technology more responsive, efficient, and cost-effective. All contract information shall be made a matter of public record after the award of contract. Trade secrets, test data, similar proprietary information, and security information protected under G.S. 132-6.1(c) may remain confidential.

(b) The Office shall have the authority and responsibility, subject to the provisions of this Part, to:

- (1) Purchase or contract for all information technology in the State government, or any of its departments, institutions, or agencies covered by this Part. The Office may authorize any State agency covered by this Part to purchase or contract for information technology. The Office or a State agency may use any authorized means, including negotiations, reverse auctions, and the solicitation, offer, and acceptance of electronic bids. G.S. 143-135.9 shall apply to these procedures.
- (2) Establish processes, specifications, and standards that shall apply to all information technology to be purchased, licensed, or leased in the State government or any of its departments, institutions, or agencies covered by this Part.
- (2a) Establish procedures to permit State agencies and local government agencies to use the General Services Administration (GSA) Cooperative Purchasing Program to purchase information technology (i) awarded under General Services Administration Supply Schedule 70 Information Technology and (ii) from contracts under the GSA's Consolidated Schedule containing information technology special item numbers.
- (3) Comply with the State government-wide technical architecture, as required by the State CIO.
- (4) If a State agency wishes to enter into a cooperative purchasing agreement, the agency must first obtain approval by the State CIO. Upon receiving a request to use a cooperative purchasing agreement, the State CIO must evaluate the need for goods or services available through the agreement.



review the specifications, terms, and conditions of the agreement, and obtain legal advice on the use of the agreement. Prior to granting approval, the State CIO must find that the agreement was awarded pursuant to a competitive bidding process and that the agency will obtain the best value pursuant to G.S. 143-135.9 by using the agreement. Upon approval by the State CIO, a State agency may use the agreement without further approval. Agencies must report periodically to the CIO regarding the use of these agreements.

(5) The State CIO shall establish procedures for the utilization of cooperative purchasing agreements.

(c) For purposes of this section, "reverse auction" means a real-time purchasing process in which vendors compete to provide goods or services at the lowest selling price in an open and interactive electronic environment. The vendor's price may be revealed during the reverse auction. The Office may contract with a third-party vendor to conduct the reverse auction.

(d) For purposes of this section, "electronic bidding" means the electronic solicitation and receipt of offers to contract. Offers may be accepted and contracts may be entered by use of electronic bidding.

(e) The Office may use the electronic procurement system established by G.S. 143-48.3 to conduct reverse auctions and electronic bidding. All requirements relating to formal and competitive bids, including advertisement, seal, and signature, are satisfied when a procurement is conducted or a contract is entered in compliance with the reverse auction or electronic bidding requirements established by the Office.

(f) The Office shall adopt rules consistent with this section."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:26 p.m. this 23rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-224
HOUSE BILL 743**

**AN ACT TO MAKE TECHNICAL, ADMINISTRATIVE, AND CLARIFYING CHANGES
TO THE UNEMPLOYMENT INSURANCE LAWS.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 96-4(q), as enacted by S.L. 2013-2, reads as rewritten:

"(q) The ~~Division~~ Board of Review after due notice shall have the right and power to hold and conduct hearings for the purpose of determining the rights, status and liabilities of an employer. The Board of Review shall have the power and authority to determine any and all questions and issues of fact or questions of law that may arise under the Employment Security Law that may affect the rights, liabilities and status of an employer including the right to determine the amount of contributions, if any, which may be due the Division by any employer. Hearings may be before the Board of Review and shall be held in the central office of the Board of Review or at any other designated place within the State. They shall be open to the public and shall consist of a review of the evidence taken by a hearing officer designated by the Board of Review and a determination of the law applicable to that evidence. The Board of Review shall provide for the taking of evidence by a hearing officer employed in the capacity of an attorney by the Department. Such hearing officer shall have the same power to issue subpoenas, administer oaths, conduct hearings and take evidence as is possessed by the Board of Review and such hearings shall be recorded, and he shall transmit all testimony and records of such hearings to the Board for its determination. All such hearings conducted by such hearing officer shall be scheduled and held in any county in this State in which the employer resides, maintains a place of business, or conducts business; however, the Board of Review may require additional testimony at any hearings held by it at its office. From all decisions or determinations made by the Board of Review, any party affected thereby shall be entitled to an appeal to the superior court. Before a party shall be allowed to appeal, the party shall within 10 days after notice of such decision or determination, file with the Board of Review exceptions to the decision or the determination, which exceptions will state the grounds of objection to the decision or determination. If any one of the exceptions shall be overruled then the party may appeal from the order overruling the exceptions, and shall, within 10 days after the decision overruling the exceptions, give notice of his appeal. When an exception is made to the facts as found by the Board of Review, the appeal shall be to the superior court in term time but the decision or determination of the Board of Review upon such review in the superior court shall be conclusive and binding as to all questions of fact supported by any competent evidence. When an exception is made to any rulings of law, as determined by the Board of Review, the appeal shall be to the judge of the superior court at chambers. The party appealing shall, within 10 days after the notice of appeal has been served, file with the Board of Review exceptions to the decision or determination overruling the exception which statement shall assign the errors complained of and the grounds of the appeal. Upon the filing of such statement the Board of Review shall, within 30 days, transmit all the papers and evidence considered by it, together with the assignments of errors filed by the appellant to a judge of the superior court holding court or residing in some district in which such appellant either resides, maintains a place of business or conducts business, or, unless the appellant objects after being given reasonable opportunity to object, to a judge of the Superior Court of Wake County: Provided, however, the 30-day period specified herein may be extended by agreement of parties."

SECTION 2. G.S. 96-4(u), as enacted by S.L. 2013-2, reads as rewritten:

"(u) Notices of hearing shall be issued by the ~~Division~~ Board of Review or its authorized representative and sent by registered mail, return receipt requested, to the last known address of



employer, employers, persons, or firms involved. The notice shall be sent at least 15 days prior to the hearing date and shall contain notification of the place, date, hour, and purpose of the hearing. Subpoenas for witnesses to appear at any hearing shall be issued by the Division or its authorized representative and shall order the witness to appear at the time, date and place shown thereon. Any bond or other undertaking required to be given in order to suspend or stay any execution shall be given payable to the Department of Commerce. Any such bond or other undertaking may be forfeited or sued upon as are any other undertakings payable to the State."

SECTION 3. G.S. 96-5.1(a), as enacted by S.L. 2013-2, reads as rewritten:

"(a) Fund Established. – The Supplemental Employment Security Administration Fund is created as a special revenue fund. The fund consists of all interest and penalties paid under this Chapter by employers on overdue contributions and any appropriations made to the fund by the General Assembly. Penalties collected on unpaid taxes imposed by this section must be transferred to the Civil Penalty and Forfeiture Fund established in G.S. 115C-457.1."

SECTION 4. G.S. 96-6.1(a), as enacted by S.L. 2013-2, reads as rewritten:

"(a) Establishment and Use. – The Unemployment Insurance Reserve Fund is established as an enterprise fund, a special revenue fund. The Fund consists of the revenues derived from the surtax imposed under G.S. 96-9.7. Moneys in the Fund may be used only for the following purposes:

....

SECTION 5. G.S. 96-9.2(b), as enacted by S.L. 2013-2, reads as rewritten:

"(b) Standard Beginning Rate. – The standard beginning rate applies to an employer until the employer's account has been chargeable with benefits for at least 12 calendar months ending July 31 immediately preceding the computation date. An employer's account has been chargeable with benefits for at least 12 calendar months if the employer has reported wages paid in four completed calendar quarters and these quarters are in its liability extends over all or part of two consecutive calendar years."

SECTION 6. G.S. 96-9.6(e), as enacted by S.L. 2013-2, reads as rewritten:

"(e) Annual Reconciliation. – A reimbursing employer must maintain an account balance equal to one percent (1%) of its taxable wages. The Division must determine the balance of each employer's account on the computation date. If there is a deficit in the account, the Division must bill the employer for the amount necessary to bring its account to one percent (1%) of its taxable wages for the preceding calendar year, immediate four quarters preceding July 1. Any amount in the account in excess of the one percent (1%) of taxable wages will be retained in the employer's account as a credit and will not be refunded to the employer. The Division must send a bill as soon as practical. Payment is due within 30 days from the date a bill is mailed. Amounts unpaid by the due date accrue interest and penalties in the same manner as past-due contributions and are subject to the same collection remedies provided under G.S. 96-10 for past-due contributions."

SECTION 7. G.S. 96-9.6(i), as enacted by S.L. 2013-2, reads as rewritten:

"(i) Transition. – This subsection provides a transitional adjustment period for an employer that elected to be a reimbursing employer prior to January 1, 2013, and was not required to submit an advance payment with its first four quarterly reports equal to one percent (1%) of its reported taxable wages. This subsection expires January 1, 2016.

(1) Governmental entities. – An employer that is a State or local governmental unit must reimburse the Division in the amount required by subsection (c) of this section for benefits paid on its behalf, as determined on the computation date in 2013, but it does not have to reconcile its account balance, as required under subsection (e) of this section, until 2014. If the employer's account balance on the computation date in 2014 does not equal one percent (1%) of its taxable wages reported for the 2013 calendar year, preceding fiscal year, the Division will bill the employer for the deficiency.

....

SECTION 8. G.S. 96-9.7(a), as enacted by S.L. 2013-2, reads as rewritten:

"(a) Surtax Imposed. – A surtax is imposed on an employer who is required to make a contribution to the Unemployment Insurance Fund equal to twenty percent (20%) of the contribution due under G.S. 96-9.2. Except as provided in this section, the surtax is collected and administered in the same manner as contributions. Surtaxes collected under this section must be credited to the Unemployment Insurance Reserve Fund established under ~~G.S. 96-6.~~

402 G.S. 96-6.1. Interest and penalties collected on unpaid surtaxes imposed by this section must be

credited to the Supplemental Employment Security Administration Fund. Penalties collected on unpaid surtaxes imposed by this section must be transferred ~~credited~~ to the Civil Penalty and Forfeiture Fund established in G.S. 115C-457.1."

SECTION 9. G.S. 96-10(g) reads as rewritten:

"(g) Upon the motion of the Division, any employer refusing to submit any report required under this Chapter, after 10 days' written notice sent by the Division by registered or certified mail to the employer's last known address, may be enjoined by any court of competent jurisdiction from hiring and continuing in employment any employees until such report is properly submitted. When an execution has been returned to the Division unsatisfied, and the employer, after 10 days' written notice sent by the Division by registered or certified mail to the employer's last known address, refuses to pay the contributions covered by the execution, such employer shall upon the motion of the Division be enjoined by any court of competent jurisdiction from hiring and continuing in employment any employees until such contributions have been paid.

An employer who fails to file a report within the required time shall be assessed a late filing penalty of five percent (5%) of the amount of contributions due with the report for each month or fraction of a month the failure continues. The penalty may not exceed twenty-five percent (25%) of the amount of contributions due. An employer who fails to file a report within the required time but owes no contributions shall not be assessed a penalty unless the employer's failure to file continues for more than 30 days."

SECTION 10. G.S. 96-11.2, as enacted by S.L. 2013-2, reads as rewritten:

"§ 96-11.2. Allocation of charges to base period employers.

Benefits paid to an individual are charged to an employer's account when the individual's benefit year has expired. Benefits paid to an individual must be allocated to the account of each base period employer in the proportion that the base period wages paid to the individual in a calendar quarter by each base period employer bears to the total wages paid to the individual in ~~that quarter~~ the base period by all base period employers. The amount allocated to an employer that pays contributions is multiplied by one hundred twenty percent (120%) and charged to that employer's account. The amount allocated to an employer that elects to reimburse the Unemployment Insurance Fund in lieu of paying contributions is the amount of benefits charged to that employer's account."

SECTION 11. G.S. 96-11.4(a), as enacted by S.L. 2013-2, reads as rewritten:

"(a) ...

(2) The employer or agent has a pattern of failing to respond timely or adequately to requests from the Division for information relating to claims for unemployment compensation. In determining whether the employer or agent has a pattern of failing to respond timely or adequately, the Division must consider the number of documented instances of that employer's or agent's failures to respond in relation to the total requests made to that employer or agent. An employer or agent may not be determined to have a pattern of failing to respond if the number of failures during the year prior to the request is ~~less~~ fewer than two or less than two percent (2%) of the total requests made to that employer or agent, ~~whichever is greater.~~ agent."

SECTION 12. G.S. 96-14.1(e), as enacted by S.L. 2013-2, reads as rewritten:

"(e) Federal Restrictions. – Benefits are not payable for services performed by the following individuals, to the extent prohibited by section 3304 of the Code:

(1) Instructional, research, or principal administrative employees of educational institutions.

(2) Services in any other capacity for an educational institution.

~~(2)~~(3) Professional athletes.

~~(3)~~(4) Aliens."

SECTION 13. G.S. 96-14.3, as enacted by S.L. 2013-2, reads as rewritten:

"§ 96-14.3. Minimum and maximum duration of benefits.

The minimum and maximum number of weeks an individual is allowed to receive unemployment benefits depends on the seasonal adjusted statewide unemployment rate that applies to the six-month base period in which the claim is filed. One six-month base period begins on January 1 and one six-month base period begins on July 1. For the base period that begins January 1, the average of the seasonal adjusted unemployment rate-rates for the State for the preceding ~~month~~ months of October, July, August, and September applies. For the base

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period that begins July 1, the average of the seasonal adjusted unemployment ~~rate-rates~~ for the State for the preceding ~~month-months~~ of ~~April~~ January, February, and March applies. The Division must use the most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark. The number of weeks allowed for an individual is determined in accordance with G.S. 96-14.4.

...."

SECTION 14. G.S. 96-14.9(d), as enacted by S.L. 2013-2, reads as rewritten:

"(d)

...

- (4) The individual is on disciplinary suspension for ~~more than 30~~ or fewer days based on acts or omissions that constitute fault on the part of the employee and are connected with the work."

SECTION 15. G.S. 96-14.10, as enacted by S.L. 2013-2, reads as rewritten:

"§ 96-14.10. Disciplinary suspension.

The disciplinary suspension of an employee for 30 or fewer consecutive calendar days does not constitute good cause for leaving work. An individual who is on suspension is not available for work and is not eligible for benefits for any week during any part of the disciplinary suspension. If the disciplinary suspension exceeds 30 days, the individual is considered to have been discharged from work because of the acts or omissions that caused the suspension and the issue is whether the discharge was for disqualifying reasons. During the period of suspension of up to 30 or fewer days, the individual is considered to be attached to the employer's payroll, and the issue of separation from work is held in abeyance until a claim is filed for a week to which this section does not apply."

SECTION 16. G.S. 96-15(a1), as enacted by S.L. 2013-2, reads as rewritten:

"(a1) Attached Claims. – An employer may file claims for employees through the use of automation in the case of partial unemployment. An employer may file an attached claim for an employee only once during a ~~calendar year~~, benefit year, and the period of partial unemployment for which the claim is filed may not exceed six weeks. To file an attached claim, an employer must pay the Division an amount equal to the full cost of unemployment benefits payable to the employee under the attached claim at the time the attached claim is filed. The Division must credit the amounts paid to the Unemployment Insurance Fund.

An employer may file an attached claim under this subsection only if the employer has a positive credit balance in its account as determined under Article 2B of this Chapter. If an employer does not have a positive credit balance in its account, the employer must remit to the Division an amount equal to the amount necessary to bring the employer's negative credit balance to at least zero at the time the employer files the attached claim."

SECTION 17. G.S. 96-15(b), as enacted by S.L. 2013-2, reads as rewritten:

"(b)

...

- (2) Adjudication. – When a protest is made by the claimant to the initial or monetary determination, or a question or issue is raised or presented as to the eligibility of a claimant, or whether any disqualification should be imposed, or benefits denied or adjusted pursuant to G.S. 96-18, the matter shall be referred to an adjudicator. The adjudicator may consider any matter, document or statement deemed to be pertinent to the issues, including telephone conversations, and after such consideration shall render a conclusion as to the claimant's benefit entitlements. The adjudicator shall notify the claimant and all other interested parties of the conclusion reached. The conclusion of the adjudicator shall be deemed the final decision of the Division unless within 30 days after the date of notification or mailing of the conclusion, whichever is earlier, a written appeal is filed pursuant to rules adopted by the Division. The Division shall be deemed an interested party for such purposes and may remove to itself or transfer to an appeals referee the proceedings involving any claim pending before an adjudicator.

Provided, any interested employer shall be allowed ~~40~~ 14 days from the mailing or delivery of the notice of the filing of a claim against the employer's account, whichever first occurs, to file with the Division its account to protest of the claim in order to and have the claim referred to an adjudicator for a decision on the question or issue raised. Any protest filed must contain a basis for the protest and supporting statement of facts, and the

protest may not be amended after the 14-day period from the mailing or delivery of the notice of filing of a claim has expired. A copy of the notice of the filing shall be sent contemporaneously to the employer by telefacsimile transmission if a fax number is on file. No payment of benefits shall be made by the Division to a claimant until one of the following occurs:

a. The employer has filed a timely protest to the claim.

b. The 14-day period for the filing of a protest by the employer has expired.

c. A determination under this subdivision has been made.

Provided further, no question or issue may be raised or presented by the Division as to the eligibility of a claimant, or whether any disqualification should be imposed, after 45 days from the first day of the first week after the question or issue occurs with respect to which week an individual filed a claim for benefits. None of the provisions of this subsection shall have the force and effect nor shall the same be construed or interested as repealing any other provisions of G.S. 96-18.

An employer shall receive written notice of the employer's appeal rights and any forms that are required to allow the employer to protest the claim. The forms shall include a section referencing the appropriate rules pertaining to appeals and the instructions on how to appeal."

SECTION 18. G.S. 96-9.15(d), as enacted by S.L. 2013-2, reads as rewritten:

"(d) Form of Report. – An employer must complete the tax form prescribed by the Division. An employer or an agent of an employer that reports wages for at least 25 employees must file the portion of the "Employer's Quarterly Tax and Wage Report" that contains the name, social security number, and gross wages of each employee in a-an electronic format prescribed by the Division. For failure of an employer to comply with this subsection, the Division must assess a penalty of twenty-five dollars (\$25.00). For failure of an agent of an employer to comply with this subsection, the Division may deny the agent the right to report wages and file reports for that employer for a period of one year following the calendar quarter in which the agent filed the improper report. The Division may reduce or waive a penalty for good cause shown."

SECTION 19. Section 11 of S.L. 2013-2 reads as rewritten:

"**SECTION 11.** This act becomes effective July 1, 2013. Changes made by this act to unemployment benefits apply to claims for benefits filed on or after ~~July 1, 2013~~ June 30, 2013. The requirements of G.S. 96-15(a1) apply to any week of an attached claim filed on or after June 30, 2013. Changes made by this act to require an account balance by an employer that is a governmental entity or a nonprofit organization and that elects to finance benefits by making reimbursable payments in lieu of contributions apply to advance payments payable for calendar quarters beginning on or after July 1, 2013. Changes made by this act to the determination and application of the contribution rate apply to contributions payable for calendar quarters beginning on or after January 1, 2014."

SECTION 20.(a) G.S. 96-4(x)(6), as enacted by S.L. 2013-2, reads as rewritten:

"(6) Nothing in this subsection ~~(x)(t)~~ shall operate to relieve any claimant or employer from disclosing any information required by this Chapter or by regulations promulgated thereunder."

SECTION 20.(b) G.S. 96-4(x)(7) reads as rewritten:

"(7) Nothing in this subsection ~~(x)(t)~~ shall be construed to prevent the Division from allowing any individual or entity to examine and copy any report, return, or any other written communication made by that individual or entity to the Division, its agents, or its employees."

SECTION 20.(c) G.S. 96-9.5(4)(c.), as enacted by S.L. 2013-2, reads as rewritten:

"c. The employer has elected coverage in this State in accordance with ~~G.S. 96-9.9~~ G.S. 96-9.8."

SECTION 20.(d) G.S. 96-10(d) reads as rewritten:

"(d) Collections of Contributions upon Transfer or Cessation of Business. – The contribution or tax imposed by ~~G.S. 96-9.2, G.S. 96-9,~~ and subsections thereunder, of this Chapter shall be a lien upon the assets of the business of any employer subject to the provisions hereof who shall lease, transfer or sell out his business, or shall cease to do business and such employer shall be required, by the next reporting date as prescribed by the Division, to file with

the Division all reports and pay all contributions due with respect to wages payable for employment up to the date of such lease, transfer, sale or cessation of the business and such employer's successor in business shall be required to withhold sufficient of the purchase money to cover the amount of said contributions due and unpaid until such time as the former owner or employer shall produce a receipt from the Division showing that the contributions have been paid, or a certificate that no contributions are due. If the purchaser of a business or a successor of such employer shall fail to withhold purchase money or any money due to such employer in consideration of a lease or other transfer and the contributions shall be due and unpaid after the next reporting date, as above set forth, such successor shall be personally liable to the extent of the assets of the business so acquired for the payment of the contributions accrued and unpaid on account of the operation of the business by the former owner or employer."

SECTION 20.(e) G.S. 96-14.11(c)(2), as enacted by S.L. 2013-2, reads as rewritten:

"(2) The individual was recalled in a week in which the work search requirements were satisfied under ~~G.S. 96-14.7(g)~~ G.S. 96-14.9(g) due to job attachment."

SECTION 20.(f) G.S. 96-14.14(c)(2), as recodified by S.L. 2013-2, reads as rewritten:

"(2) The individual has satisfied the requirements of this Chapter for the receipt of regular benefits that are applicable to individuals claiming extended benefits, including not being subject to a disqualification for the receipt of benefits. Provided, however, that for purposes of disqualification for extended benefits for weeks of unemployment beginning after March 31, 1981, the term "suitable work" means any work which is within the individual's capabilities to perform if: (i) The gross average weekly remuneration payable for the work exceeds the sum of the individual's weekly extended benefit amount plus the amount, if any, of supplemental unemployment benefits (as defined in section 501(C)(17)(D) of the Internal Revenue Code of 1954) payable to such individual for such week; and (ii) the gross wages payable for the work equal the higher of the minimum wages provided by section 6(a)(1) of the Fair Labor Standards Act of 1938 as amended (without regard to any exemption), or the State minimum wage; and (iii) the work is offered to the individual in writing and is listed with the State employment service; and (iv) the considerations contained in ~~G.S. 96-14.9(f)~~ G.S. 96-14(3) for determining whether or not work is suitable are applied to the extent that they are not inconsistent with the specific requirements of this subdivision; and (v) the individual cannot furnish evidence satisfactory to the Division that his prospects for obtaining work in his customary occupation within a reasonably short period of time are good, but if the individual submits evidence which the Division deems satisfactory for this purpose, the determination of whether or not work is suitable with respect to such individual shall be made in accordance with ~~G.S. 96-14.9(f)~~ G.S. 96-14(3) without regard to the definition contained in this subdivision. Provided, further, that no work shall be deemed to be suitable work for an individual which does not accord with the labor standard provisions set forth in this subdivision, but the employment service shall refer any individual claiming extended benefits to any work which is deemed suitable hereunder. Provided, further, that any individual who has been disqualified for voluntarily leaving employment, being discharged for misconduct or substantial fault, or refusing suitable work under ~~G.S. 96-14.11~~ G.S. 96-14 and who has had the disqualification terminated, shall have such disqualification reinstated when claiming extended benefits unless the termination of the disqualification was based upon employment subsequent to the date of the disqualification."

SECTION 20.(g) G.S. 96-14.14(c)(3), as recodified by S.L. 2013-2, reads as rewritten:

"(3) After March 31, 1981, he has not failed either to apply for or to accept an offer of suitable work, as defined in ~~G.S. 96-14.14(c)(2)~~ G.S. 96-12.01(e)(2), to which he was referred by an employment office of the Division, and he

has furnished the Division with tangible evidence that he has actively engaged in a systematic and sustained effort to find work. If an individual is found to be ineligible hereunder, he shall be ineligible beginning with the week in which he either failed to apply for or to accept the offer of suitable work or failed to furnish the Division with tangible evidence that he has actively engaged in a systematic and sustained effort to find work and such individual shall continue to be ineligible for extended benefits until he has been employed in each of four subsequent weeks (whether or not consecutive) and has earned remuneration equal to not less than four times his weekly benefit amount."

SECTION 20.(h) G.S. 96-14.14(e)(1), as recodified by S.L. 2013-2, reads as rewritten:

- "(1) Total Extended Benefit Amount. – Except as provided in subdivision (2) hereof, the total extended benefit amount payable to any eligible individual with respect to his applicable benefit year shall be the least of the following amounts:
- a. Fifty percent (50%) of the total amount of regular benefits which were payable to him under this Chapter in his applicable benefit year; or
 - b. Thirteen times his weekly benefit amount which was payable to him under this Chapter for a week of total unemployment in the applicable benefit year.

Provided, that during any fiscal year in which federal payments to states under Section 204 of the Federal-State Extended Unemployment Compensation Act of 1970, P.L. 91-373, are reduced under an order issued under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, P.L. 99-177, the total extended benefit amount payable to an individual with respect to his applicable benefit year shall be reduced by an amount equal to the aggregate of the reductions under G.S. 96-14.14(d)~~G.S. 96-12.01(d)~~ and the weekly amounts paid to the individual."

SECTION 20.(i) G.S. 96-14.14(g), as recodified by S.L. 2013-2, reads as rewritten:

"(g) Prior to January 1, 1978, any extended benefits paid to any claimant under G.S. 96-14.14~~G.S. 96-12.01~~ shall not be charged to the account of the base period employer(s) who pay taxes as required by this Chapter. However, fifty percent (50%) of any such benefits paid shall be allocated as provided in G.S. 96-11.2~~G.S. 96-9(e)(2)~~ ^a (except that G.S. 96-11.3~~G.S. 96-9(e)(2)~~ ^b shall not apply), and the applicable amount shall be charged to the account of the appropriate employer paying on a reimbursement basis in lieu of taxes.

On and after January 1, 1978, the federal portion of any extended benefits shall not be charged to the account of any employer who pays taxes as required by this Chapter but the State portion of such extended benefits shall be:

- (1) Charged to the account of such employer; or
- (2) Not charged to the account of the employer under the provisions of G.S. 96-11.3~~G.S. 96-9(e)(2)~~.

All state portions of the extended benefits paid shall be charged to the account of governmental entities or other employers not liable for FUTA taxes who are the base period employers."

SECTION 20.(j) G.S. 96-14.14(h), as recodified by S.L. 2013-2, reads as rewritten:

"(h) Notwithstanding the provisions of G.S. 96-9.6, G.S. 96-14.14(g)~~G.S. 96-9(d)(1)a~~, ~~96-9(d)(2)e~~, ~~96-12.01(g)~~, or any other provision of this Chapter, any extended benefits paid which are one hundred percent (100%) federally financed shall not be charged in any percentage to any employer's account."

SECTION 20.(k) G.S. 96-16(a), as enacted by S.L. 2013-2, reads as rewritten:

"(a) A seasonal pursuit is one which, because of seasonal conditions making it impracticable or impossible to do otherwise, customarily carries on production operations only within a regularly recurring active period or periods of less than an aggregate of 36 weeks in a calendar year. No pursuit shall be deemed seasonal unless and until so found by the Division; except that any successor under ~~G.S. 96-11.6~~ G.S. 96-11.7 to a seasonal pursuit shall be

deemed seasonal unless such successor shall within 120 days after the acquisition request cancellation of the determination of status of such seasonal pursuit; provided further that this provision shall not be applicable to pending cases nor retroactive in effect."

SECTION 20.(l) G.S. 96-16(d) reads as rewritten:

"(d) A seasonal determination shall become effective unless an interested party files an application for review within 10 days after the beginning date of the first period of production operations to which it applies. Such an application for review shall be deemed to be an application for a determination of status, as provided in G.S. 96-4, subsections (q) through (u) ~~(m) through (q)~~, of this Chapter, and shall be heard and determined in accordance with the provisions thereof."

SECTION 21. G.S. 96-4, as amended by S.L. 2011-145, created a Board of Review to determine appeals policies and procedures and to hear appeals arising from the decisions and determinations of the Division of Employment Security. The Board is comprised of three members appointed by the Governor and confirmed by the General Assembly. The Governor is directed to appoint the members of the Board of Review by September 1, 2013. Notwithstanding G.S. 96-4(b), the initial Board of Review appointments made pursuant to this section do not require confirmation by the General Assembly.

SECTION 22. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 26th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 3:50 p.m. this 27th day of June, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-141
HOUSE BILL 765**

**AN ACT TO CLARIFY AND CODIFY JURY INSTRUCTIONS FOR A BUDGET DISPUTE
BETWEEN BOARD OF EDUCATION AND BOARD OF COUNTY
COMMISSIONERS.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-431(c) reads as rewritten:

"(c) Within five days after an announcement of no agreement by the mediator, the local board of education may file an action in the superior court division of the General Court of Justice. ~~The court shall find the facts as to the amount of money necessary to maintain a system of free public schools, and the amount of money needed from the county to make up this total.~~ Either board has the right to have the issues of fact tried by a jury. When a jury trial is demanded, the cause shall be set for the first succeeding term of the superior court in the county, and shall take precedence over all other business of the court. However, if the judge presiding certifies to the Chief Justice of the Supreme Court, either before or during the term, that because of the accumulation of other business, the public interest will be best served by not trying the cause at the term next succeeding the filing of the action, the Chief Justice shall immediately call a special term of the superior court for the county, to convene as soon as possible, and assign a judge of the superior court or an emergency judge to hold the court, and the cause shall be tried at this special term. ~~The issue submitted to the jury. The judge shall find, or if the issue is submitted to the jury, the jury shall find shall be what amount of money is needed from sources under the control of the board of county commissioners to maintain a system of free public schools.~~ the facts as to the following in order to maintain a system of free public schools as defined by State law and State Board of Education policy: (i) the amount of money legally necessary from all sources and (ii) the amount of money legally necessary from the board of county commissioners. In making the finding, the judge or the jury shall consider the educational goals and policies of the State and the local board of education, the budgetary request of the local board of education, the financial resources of the county and the local board of education, and the fiscal policies of the board of county commissioners and the local board of education.

All findings of fact in the superior court, whether found by the judge or a jury, shall be conclusive. When the facts have been found, the court shall give judgment ordering the board of county commissioners to appropriate a sum certain to the local school administrative unit, and to levy such taxes on property as may be necessary to make up this sum when added to other revenues available for the purpose."



SECTION 2. This act is effective when it becomes law and applies to all actions commenced on or after that date.

In the General Assembly read three times and ratified this the 13th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:24 p.m. this 19th day of June, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-268
HOUSE BILL 767**

AN ACT ENACTING THE CORPORAL PRUITT RAINEY BRASS TO CLASS ACT,
WHICH DIRECTS THE STATE BOARD OF EDUCATION TO ESTABLISH RULES
FOR AWARDING CREDIT FOR PRIOR WORK EXPERIENCE GIVEN TO CERTAIN
VETERANS FOR THE PURPOSE OF PLACING THEM ON STATE SALARY
SCHEDULES.

Whereas, formal education and training for both officers and enlisted ranks includes a tremendous breadth and depth of credentialed, technical, and vocational training, which is applied operationally for years with additional follow-up support and continuing education; and

Whereas, in addition to technical and vocational training, many military members who spend more than one tour and certainly multiple tours in uniform take one or several professional military education courses of study; and

Whereas, select members of the military complete unique, rigorous programs that are the envy of some of the best graduate and postgraduate institutions in the United States, and these professional military education programs are college programs and certainly worthy of credit;

Whereas Corporal Pruitt Rainey, North Carolina native and star high school wrestler, served during Operation Enduring Freedom and wished to become a physical education teacher and wrestling coach but was killed in action at the age of 22 on July 13, 2008, in the Battle of Wanat, Afghanistan; this act is named in his memory; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. The State Board of Education shall establish rules for awarding credit for salary purposes to principals, assistant principals, and teachers who served in the Armed Forces of the United States and who have retired or who have received an Honorable Discharge. The rules shall include the following provisions:

- (1) One full year of experience credit shall be awarded for each year of full-time relevant nonteaching work experience completed (i) while on active military duty in the Armed Forces of the United States and (ii) after earning a bachelor's degree.
- (2) One full year of experience credit shall be awarded for each two years of full-time relevant nonteaching work experience completed (i) while on active duty in the Armed Forces of the United States and (ii) before earning a bachelor's degree.
- (3) One full year of experience credit shall be awarded for every two years of full-time instructional or leadership duties while on active military duty in the Armed Forces of the United States, regardless of academic degree held while in instruction or leadership roles.

SECTION 2. The State Board of Education shall establish specific criteria within the rules for determining the relevance of nonteaching work experience earned while on active military duty that shall be credited toward an individual's total licensure experience rating for salary purposes. The criteria shall include the following components:

- (1) A clearly defined process to explore, identify, recognize, and quantify the breadth and depth of career experiences, formal professional military education, and pertinent credentials of military veterans.
- (2) A transparent and timely decision-making process for awarding complete credit for pertinent experience and education.



- (3) A process for reviewing and accepting military transcripts and corresponding American Council on Education (ACE) recommendations for awarding academic and experiential credit.

SECTION 3. The State Board shall have continuing authority to cap nonteaching experience credit for Junior Reserve Officer Training Corps instructors as their pay formula includes both a State and federal funding component.

SECTION 4. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by February 28, 2014, on the rules drafted to implement this act.

SECTION 5. This act is effective when it becomes law and applies to military veterans initially employed by local school administrative units in the 2014-2015 school year and beyond.

In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:31 p.m. this 17th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-382
HOUSE BILL 834**

AN ACT ENHANCING THE EFFECTIVENESS AND EFFICIENCY OF STATE GOVERNMENT BY MODERNIZING THE STATE'S SYSTEM OF HUMAN RESOURCES MANAGEMENT AND BY PROVIDING FLEXIBILITY FOR EXECUTIVE BRANCH REORGANIZATION AND RESTRUCTURING AND TO IMPROVE TRANSPARENCY IN THE COST OF HEALTH CARE PROVIDED BY HOSPITALS AND AMBULATORY SURGICAL FACILITIES; TO TERMINATE SET-OFF DEBT COLLECTION BY CERTAIN STATE AGENCIES PROVIDING HEALTH CARE TO THE PUBLIC; TO MAKE IT UNLAWFUL FOR HEALTH CARE PROVIDERS TO CHARGE FOR PROCEDURES OR COMPONENTS OF PROCEDURES THAT WERE NOT PROVIDED OR SUPPLIED; TO PROVIDE FOR FAIR HEALTH CARE FACILITY BILLING AND COLLECTIONS PRACTICES; AND TO PROVIDE THAT HOSPITALS RECEIVING MEDICAID REIMBURSEMENTS PARTICIPATE IN THE NORTH CAROLINA HEALTH INFORMATION EXCHANGE NETWORK.

The General Assembly of North Carolina enacts:

PART I. ORGANIZATIONAL AND ADMINISTRATIVE CHANGES

SECTION 1.1. G.S. 126-3(a) reads as rewritten:

"(a) There is hereby established the Office of State Personnel (hereinafter referred to as 'the Office') which shall be placed for organizational purposes within the ~~Department of Administration~~ Office of the Governor. Notwithstanding the provisions of North Carolina State government reorganization as of January 1, 1975, and specifically notwithstanding the provisions of Chapter 864 of the 1971 North Carolina Session Laws, Chapter 143A of the General Statutes, the Office of State Personnel shall exercise all of its statutory powers in this Chapter independent of control by the Secretary of Administration and Chapter, which shall be under the administration and supervision of a State Personnel Director (hereinafter referred to as 'the Director') appointed by the Governor and subject to the supervision of the Commission for purposes of this Chapter. The salary of the Director shall be fixed by the Governor. The Director shall serve at the pleasure of the Governor."

SECTION 1.2. G.S. 126-3(b)(8) reads as rewritten:

"(8) Developing criteria and standards to measure the level of compliance or noncompliance with established Commission policies, rules, procedures, criteria, and standards in agencies, departments, and institutions to which authority has been delegated for classification, salary ~~administration~~ administration, performance management, development, evaluation, and other decentralized programs, and determining through routine monitoring and periodic review process, that agencies, departments, and institutions are in compliance or noncompliance with established Commission policies, rules, procedures, criteria, and standards."

SECTION 1.3. G.S. 126-4(5) reads as rewritten:

"§ 126-4. Powers and duties of State Personnel Commission.

Subject to the approval of the Governor, the State Personnel Commission shall establish policies and rules governing each of the following:

...
(5) Hours and days of work, holidays, vacation, sick leave, and other matters pertaining to the conditions of employment. The legal public holidays established by the Commission as paid holidays for State employees shall



include Martin Luther King, Jr.'s Birthday and Veterans Day. The Commission shall not provide for more than ~~11~~¹² paid holidays per year except that in those years in which Christmas Day falls on a Tuesday, Wednesday, or Thursday, the Commission shall not provide for more than ~~12~~ paid holidays year, with three paid holidays being given for Christmas."

SECTION 1.4. G.S. 126-95 is amended by adding a new subsection to read:

"(c) As used in this section, the term "eligible officers and employees" means any officer or employee authorized to participate in the Teachers' and State Employees' Retirement System and the State Health Plan."

SECTION 1.5. This Part is effective when it becomes law.

PART II. STATE PERSONNEL COMMISSION CHANGES

SECTION 2.1. G.S. 126-2 reads as rewritten:

"§ 126-2. State Personnel Commission.

(a) There is hereby established the State Personnel Commission (hereinafter referred to as "the Commission").

(b) ~~The Commission shall consist of nine members, appointed as follows:~~

(1) ~~Two members shall be attorneys licensed to practice law in North Carolina appointed by the General Assembly, one of whom shall be appointed upon the recommendation of the Speaker of the House of Representatives, and one of whom shall be appointed upon the recommendation of the President Pro Tempore of the Senate.~~

~~The initial two attorney members appointed under this subdivision shall serve terms expiring June 30, 2004; the terms of subsequent appointees shall be six years.~~

(2) ~~Two persons from private business or industry appointed by the Governor, both of whom shall have a working knowledge of, or practical experience in, human resources management. The initial members appointed under this subdivision shall serve terms expiring June 30, 2003; the terms of subsequent appointees shall be six years.~~

(3) ~~Two State employees subject to the State Personnel Act serving in nonexempt positions, appointed by the Governor, including one of whom is a veteran of the Armed Forces of the United States appointed upon the nomination of the Veterans' Affairs Commission. One employee shall serve in a State government position having supervisory duties, and one employee shall serve in a nonsupervisory position. Neither employee may be a human resources professional. The Governor shall consider nominations submitted by the State Employees Association of North Carolina. The initial members appointed under this subdivision shall serve terms expiring June 30, 2001; the terms of subsequent appointees shall be six years.~~

(4) ~~Two local government employees subject to the State Personnel Act appointed by the Governor upon recommendation of the North Carolina Association of County Commissioners, one a nonsupervisory local employee and one a supervisory local employee. Neither local government employee may be a human resources professional. The initial members appointed under this subdivision shall serve terms expiring June 30, 2003; the terms of subsequent appointees shall be for six years.~~

(5) ~~One member of the public at large appointed by the Governor. The initial member appointed under this subdivision shall serve for a term expiring June 30, 2001; the terms of subsequent appointees shall be for six years.~~

(b1) The Commission shall consist of nine members, appointed as follows:

(1) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives who shall be an attorney licensed to practice law in North Carolina.

(2) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate who shall be an attorney licensed to practice law in North Carolina.

(3) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives who shall be from private

business or industry and who shall have a working knowledge of, or practical experience in, human resources management.

(4) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate who shall be from private business or industry and who shall have a working knowledge of, or practical experience in, human resources management.

(5) One member who is a veteran of the Armed Forces of the United States appointed by the Governor upon the nomination of the Veterans Affairs Commission and who is a State employee subject to this Chapter serving in a nonexempt supervisory position. The member may not be a human resources professional.

(6) One member appointed by the Governor who is a State employee subject to this Chapter serving in a nonexempt nonsupervisory position. The member may not be a human resources professional. The Governor shall consider nominations submitted by the State Employees Association of North Carolina.

(7) One member appointed by the Governor upon the recommendation of the North Carolina Association of County Commissioners who is a local government employee subject to this Chapter serving in a supervisory position. The member may not be a human resources professional.

(8) One member appointed by the Governor upon the recommendation of the North Carolina Association of County Commissioners who is a local government employee subject to this Chapter serving in a nonsupervisory position. The member may not be a human resources professional.

(9) One member of the public at large appointed by the Governor.

(c) Each member of the Commission shall be appointed for a term of four years. Members of the Commission may serve no more than two consecutive terms. Appointments by the General Assembly shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in accordance with G.S. 120-122. Vacancies in appointments made by the Governor occurring prior to the expiration of a term shall be filled by appointment for the unexpired term.

(d) No member of the Commission may serve on a case where there would be a conflict of interest. The appointing authority may at any time remove any Commission member for cause.

(e) Members of the Commission who are State or local government employees subject to ~~the State Personnel Act~~ this Chapter shall be entitled to administrative leave without loss of pay for all periods of time required to conduct the business of the Commission.

(f) ~~Six~~ Five members of the Commission shall constitute a quorum.

(g) The Governor shall designate one member of the Commission as chair.

(h) The Commission shall meet quarterly, and at other times at the call of the chair."

SECTION 2.2. The terms of the two attorney members appointed under G.S. 126-2(b)(1), serving on the Commission on January 1, 2013, shall expire on June 30, 2013. The terms of the persons from private business or industry appointed under G.S. 126-2(b)(2), serving on the Commission on January 1, 2013, shall expire on June 30, 2014. The terms of the two State employees appointed under G.S. 126-2(b)(3), serving on the Commission on January 1, 2013, shall expire on June 30, 2013. The terms of the two local government employees appointed under G.S. 126-2(b)(4), serving on the Commission on January 1, 2013, shall expire on June 30, 2014. The term of the public at-large member appointed under G.S. 126-2(b)(5), serving on the Commission on January 1, 2013, shall expire June 30, 2013. If the terms of office eliminated in this act have not been set out, then the appointing authorities shall determine by July 1, 2013, which terms to eliminate to achieve the membership totals pursuant to this act. After determining which terms to eliminate, the appointing authority shall notify in writing all the persons and entities required to receive notification pursuant to G.S. 143-47.7.

SECTION 2.3. This Part is effective when it becomes law.

PART III. PROBATIONARY AND CAREER STATE EMPLOYEES

SECTION 3.1. G.S. 126-1.1 reads as rewritten:

"§ 126-1.1. Career State employee defined.

(a) For the purposes of this Chapter, unless the context clearly indicates otherwise, "career State employee" means a State employee or an employee of a local entity who is covered by this Chapter pursuant to G.S. 126-5(a)(2) who:

- (1) Is in a permanent ~~position appointment~~ position, and
- (2) Has been continuously employed by the State of North Carolina or a local entity as provided in G.S. 126-5(a)(2) in a position subject to the State Personnel Act for the immediate 24 preceding months.

(b) As used in this Chapter, "probationary State employee" means a State employee who is in a probationary appointment and is exempt from the provisions of the State Personnel Act only because the employee has not been continuously employed by the State for the time period required by subsection (a) of this section."

SECTION 3.2. G.S. 126-15.1 is repealed.

SECTION 3.3. This Part is effective when it becomes law.

PART IV. EXEMPT POSITION MODIFICATIONS

SECTION 4.1. G.S. 126-5(d)(1) reads as rewritten:

- "(d) (1) Exempt Positions in Cabinet Department. – Subject to the provisions of this Chapter, which is known as the State Personnel Act, the Governor may designate a total of ~~1,000~~1,500 exempt positions throughout the following ~~departments; departments and offices:~~
- a. Department of Administration.
 - b. Department of Commerce.
 - c. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
 - d. Department of Public Safety.
 - e. Department of Cultural Resources.
 - f. Department of Health and Human Services.
 - g. Department of Environment and Natural Resources.
 - h. Department of Revenue.
 - i. Department of Transportation.
 - j. Repealed by Session Laws 2012-83, s. 7, effective June 26, 2012, and by Session Laws 2012-142, s. 25.2E(a), effective January 1, 2013.
 - k. Office of Information Technology Services.
 - l. Office of State Budget and Management.
 - m. Office of State Personnel.

~~Notwithstanding the provisions of this subdivision or the other requirements of this subsection, the Governor may at any time designate up to one percent (1%) of the total number of full time positions in the Department of Public Safety, not to exceed 100 positions, as exempt managerial positions. Notwithstanding the provisions of this subdivision, or the other requirements of this subsection, the Governor may at any time increase by five the number of exempt policy making positions at the Department of Public Safety, but at no time shall the total number of exempt policy making positions exceed 105."~~

SECTION 4.2. G.S. 147-33.77(a) reads as rewritten:

"(a) The State Chief Information Officer may appoint a Chief Deputy Information Officer. The salary of the Chief Deputy Information Officer shall be set by the State Chief Information Officer. The State Chief Information Officer may appoint all employees, including legal counsel, necessary to carry out the powers and duties of the office. These employees shall be subject to the State Personnel Act, except that employees in positions designated as exempt under G.S. 126-5(d)(1) are not subject to the Act, in accordance with the provisions of that section."

SECTION 4.3. G.S. 126-5(e) is repealed.

SECTION 4.4. G.S. 126-5(f) is repealed.

SECTION 4.5. G.S. 126-5(d)(5) reads as rewritten:

- "(d) ...
- (5) Creation, Transfer, or Reorganization. – The Governor, elected department head, or State Board of Education may designate as exempt a position that is created or transferred to a different department, or is located in a department

in which reorganization has occurred, after ~~July 1~~ October 1 of the year in which the oath of office is administered to the Governor. The designation must be made in a letter to the State Personnel Director, the Speaker of the North Carolina House of Representatives, and the President of the North Carolina Senate within 180 days after such position is created, transferred, or in which reorganization has occurred."

SECTION 4.6. This Part becomes effective June 30, 2013, with the repeal of the provisions in G.S. 126-5(e) and G.S. 126-5(f) applying as to State employees hired on or after that date.

PART V. REDUCTIONS IN FORCE

SECTION 5.1. G.S. 126-7.1 reads as rewritten:

"§ 126-7.1. Posting requirement; State employees receive priority consideration; reduction-in-force; Work First hiring.

- ...
- (e) If a State employee subject to this section:
- (1) Applies for another position of State employment that would constitute a promotion; and
 - (2) Has substantially equal qualifications as an applicant who is not a State ~~employee-employee;~~

then the State employee shall receive priority consideration over the applicant who is not a State employee. This priority consideration shall not apply when the only applicants considered for the vacancy are current State employees.

(f) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force:

- (1) Applies for another position of State employment equal to or lower in salary grade than the position held by the employee at the time of notification or separation; and
- (2) Has substantially equal qualifications as any other applicant;

then within all State agencies, the State employee who has been notified of or separated due to a reduction in force shall receive priority consideration over all other applicants. This priority shall remain in effect for a period of 12 months from the date the employee receives notification of separation by reduction in force. State employees separated due to reduction in force shall receive higher priority than other applicants with employment or reemployment priorities, except that the reemployment priority created by G.S. 126-5(e)(1) shall be considered as equal.

(f1) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force accepts or rejects an offer for a position of State employment that is equal to or higher than the position held or equal to or higher than the salary earned by the employee at the time of separation or notification, then the employee's acceptance or rejection of that offer shall satisfy and terminate the one-time, 12-month priority granted by subsection (f) of this section.

...."

SECTION 5.2. This Part is effective when it becomes law and applies to reductions in force implemented on or after that date.

PART VI. EMPLOYEE GRIEVANCES

SECTION 6.1. Article 8 of Chapter 126 of the General Statutes reads as rewritten:

"Article 8.

"Employee Appeals of Grievances and Disciplinary Action.

"§ 126-34.01. Grievance; resolution.

Any State employee having a grievance arising out of or due to the employee's employment shall first discuss the problem or grievance with the employee's supervisor, unless the problem or grievance is with the supervisor. Then the employee shall follow the grievance procedure approved by the State Personnel Commission. The proposed agency final decision shall not be issued nor become final until reviewed and approved by the Office of State Personnel. The agency grievance procedure and Office of State Personnel review shall be completed within 90 days from the date the grievance is filed.

"§ 126-34.02. Grievance appeal process; grounds.

(a) Once a final agency decision has been issued in accordance with G.S. 126-34.01, an applicant for State employment, a State employee, or former State employee may file a contested case in the Office of Administrative Hearings under Article 3 of Chapter 150B of the General Statutes. The contested case must be filed within 30 days of receipt of the final agency decision. Except for cases of extraordinary cause shown, the Office of Administrative Hearings shall hear and issue a final decision in accordance with G.S. 150B-34 within 180 days from the commencement of the case. In deciding cases under this section, the Office of Administrative Hearings may grant the following relief:

- (1) Reinstate any employee to the position from which the employee has been removed.
- (2) Order the employment, promotion, transfer, or salary adjustment of any individual to whom it has been wrongfully denied.
- (3) Direct other suitable action to correct the abuse which may include the requirement of payment for any loss of salary which has resulted from the improper action of the appointing authority.

An aggrieved party in a contested case under this section shall be entitled to judicial review of a final decision by appeal to the Court of Appeals as provided in G.S. 7A-29(a). The procedure for the appeal shall be as provided by the rules of appellate procedure. The appeal shall be taken within 30 days of receipt of the written notice of final decision. A notice of appeal shall be filed with the Office of Administrative Hearings and served on all parties to the contested case hearing.

(b) The following issues may be heard as contested cases after completion of the agency grievance procedure and the Office of State Personnel review:

- (1) Discrimination or harassment. – An applicant for State employment, a State employee, or former State employee may allege discrimination or harassment based on race, religion, color, national origin, sex, age, disability, genetic information, or political affiliation if the employee believes that he or she has been discriminated against in his or her application for employment or in the terms and conditions of the employee's employment, or in the termination of his or her employment.
- (2) Retaliation. – An applicant for State employment, a State employee, or former State employee may allege retaliation for protesting discrimination based on race, religion, color, national origin, sex, age, disability, political affiliation, or genetic information if the employee believes that he or she has been retaliated against in his or her application for employment or in the terms and conditions of the employee's employment, or in the termination of the employee's employment.
- (3) Just cause for dismissal, demotion, or suspension. – A career State employee may allege that he or she was dismissed, demoted, or suspended for disciplinary reasons without just cause. A dismissal, demotion, or suspension which is not imposed for disciplinary reasons shall not be considered a disciplinary action within the meaning of this section. However, in contested cases conducted pursuant to this section, an employee may appeal an involuntary nondisciplinary separation due to an employee's unavailability in the same fashion as if it were a disciplinary action, but the agency shall only have the burden to prove that the employee was unavailable. In cases of such disciplinary action the employee shall, before the action is taken, be furnished with a statement in writing setting forth the specific acts or omissions that are the reasons for the disciplinary action and the employee's appeal rights. The employee shall be permitted 15 days from the date the statement is delivered to appeal under the agency grievance procedure. However, an employee may be suspended without warning pending the giving of written reasons in order to avoid undue disruption of work, to protect the safety of persons or property, or for other serious reasons.
- (4) Veteran's preference. – An applicant for State employment or a State employee may allege that he or she was denied veteran's preference in violation of the law.
- (5) Failure to post or give priority consideration. – An applicant for State employment or a State employee may allege that he or she was denied hiring

or promotion because a position was not posted in accordance with this Chapter or because he or she was denied hiring or promotion as a result of a failure to give priority consideration for promotion or reemployment as required by G.S. 126-7.1.

(6) Whistleblower. – A whistleblower grievance as provided for in this Chapter.

(c) Any issue for which an appeal to the Office of Administrative Hearings has not been specifically authorized by this section shall not be grounds for a contested case hearing.

(d) In contested cases conducted pursuant to this section, the burden of showing that a career State employee was discharged, demoted, or suspended for just cause rests with the employer. In all other contested cases, the burden of proof rests on the employee.

(e) The Office of Administrative Hearings may award attorneys' fees to an employee where reinstatement or back pay is ordered or where an employee prevails in a whistleblower grievance. The remedies provided in this subsection in a whistleblower appeal shall be the same as those provided in G.S. 126-87.

(f) The Office of Administrative Hearings shall report to the Office of State Personnel and the Joint Legislative Administrative Procedure Oversight Committee on the number of cases filed under this section and on the number of days between filing and closing of each case. The report shall be filed on a semiannual basis.

"§ 126-34. Grievance appeal for career State employees.

~~Unless otherwise provided in this Chapter, any career State employee having a grievance arising out of or due to the employee's employment and who does not allege unlawful harassment or discrimination because of the employee's age, sex, race, color, national origin, religion, creed, handicapping condition as defined by G.S. 168A-3, or political affiliation shall first discuss the problem or grievance with the employee's supervisor and follow the grievance procedure established by the employee's department or agency. Any State employee having a grievance arising out of or due to the employee's employment who alleges unlawful harassment because of the employee's age, sex, race, color, national origin, religion, creed, or handicapping condition as defined by G.S. 168A-3 shall submit a written complaint to the employee's department or agency. The department or agency shall have 60 days within which to take appropriate remedial action. If the employee is not satisfied with the department or agency's response to the complaint, the employee shall have the right to appeal directly to the Office of Administrative Hearings.~~

"§ 126-34.1. Grounds for contested case under the State Personnel Act defined.

~~(a) A State employee or former State employee may file in the Office of Administrative Hearings a contested case under Article 3 of Chapter 150B of the General Statutes only as to the following personnel actions or issues:~~

- ~~(1) Dismissal, demotion, or suspension without pay based upon an alleged violation of G.S. 126-35, if the employee is a career State employee.~~
- ~~(2) An alleged unlawful State employment practice constituting discrimination, as proscribed by G.S. 126-36, including:~~
 - ~~a. Denial of promotion, transfer, or training, on account of the employee's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by Chapter 168A of the General Statutes.~~
 - ~~b. Demotion, reduction in force, or termination of an employee in retaliation for the employee's opposition to alleged discrimination on account of the employee's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by Chapter 168A of the General Statutes.~~
- ~~(3) Retaliation against an employee, as proscribed by G.S. 126-17, for protesting an alleged violation of G.S. 126-16.~~
- ~~(4) Denial of the veteran's preference granted in accordance with Article 13 of this Chapter in initial State employment or in connection with a reduction in force, for an eligible veteran as defined by G.S. 126-81.~~
- ~~(5) Denial of promotion for failure to post or failure to give priority consideration for promotion or reemployment, to a career State employee as required by G.S. 126-7.1 and G.S. 126-36.2.~~

- (6) Denial of an employee's request for removal of allegedly inaccurate or misleading information from the employee's personnel file as provided by G.S. 126-25.
 - (7) Any retaliatory personnel action that violates G.S. 126-85.
 - (8) Denial of promotion in violation of G.S. 126-14.2, where an initial determination found probable cause to believe there has been a violation of G.S. 126-14.2.
 - (9) Denial of employment in violation of G.S. 126-14.2, where an initial determination found probable cause to believe that there has been a violation of G.S. 126-14.2.
 - (10) Harassment in the workplace based upon age, sex, race, color, national origin, religion, creed, or handicapping condition, whether the harassment is based upon the creation of a hostile work environment or upon a quid pro quo.
 - (11) Violation of any of the following federal statutes as applied to the employee:
 - a. The Fair Labor Standards Act, 29 U.S.C. § 201, et seq.
 - b. The Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq.
 - c. The Family Medical Leave Act, 29 U.S.C. § 2601, et seq.
 - d. The Americans with Disabilities Act, 42 U.S.C. § 12101, et seq.
- (b) An applicant for initial State employment may file in the Office of Administrative Hearings a contested case under Article 3 of Chapter 150B of the General Statutes based upon:
- (1) Alleged denial of employment in violation of G.S. 126-16.
 - (2) Denial of the applicant's request for removal of allegedly inaccurate or misleading information from the personnel file as provided by G.S. 126-25.
 - (3) Denial of equal opportunity for employment and compensation on account of the employee's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by Chapter 168A of the General Statutes. This subsection with respect to equal opportunity as to age shall be limited to persons who are at least 40 years of age. An applicant may not, however, file a contested case where political affiliation was the reason for the person's nonselection for (i) an exempt policymaking position as defined in G.S. 126-5(b)(3), (ii) a chief deputy or chief administrative assistant position under G.S. 126-5(e)(4), or (iii) a confidential assistant or confidential secretary position under G.S. 126-5(e)(2).
 - (4) Denial of the veteran's preference in initial State employment provided by Article 13 of this Chapter, for an eligible veteran as defined by G.S. 126-81.
 - (5) Denial of employment in violation of G.S. 126-14.2, where an initial determination found probable cause to believe that there has been a violation of G.S. 126-14.2.
- (c) In the case of a dispute as to whether a State employee's position is properly exempted from the State Personnel Act under G.S. 126-5, the employee may file in the Office of Administrative Hearings a contested case under Article 3 of Chapter 150B of the General Statutes.
- (d) A State employee or applicant for State employment may file in the Office of Administrative Hearings a contested case under Article 3 of Chapter 150B of the General Statutes based upon a false accusation regarding, or disciplinary action relating to, the employee's alleged violation of G.S. 126-14 or G.S. 126-14.1.
- (e) Any issue for which appeal to the Office of Administrative Hearings through the filing of a contested case under Article 3 of Chapter 150B of the General Statutes has not been specifically authorized by this section shall not be grounds for a contested case under Chapter 126.

"§ 126-34.2. Alternative dispute resolution.

In its discretion, the Commission may adopt alternative dispute resolution procedures for the resolution of matters constituting and not constituting grounds for a grievance under this Article. Any matters not constituting grounds for an appeal under G.S. 126-34.02 shall not be heard by the Office of Administrative Hearings as a contested case.

(a) Notwithstanding the provisions of Articles 6 and 7 of this Chapter, or the other provisions of this Article, with the consent of the parties, a matter for which a State employee, a

~~former State employee, or an applicant for State employment has filed a contested case under Article 3 of Chapter 150B of the General Statutes may be handled in accordance with alternative dispute resolution procedures adopted by the State Personnel Commission.~~

~~(b) In its discretion, the State Personnel Commission may adopt alternative dispute resolution procedures for the resolution of matters not constituting grounds for a contested case under G.S. 126-34.1.~~

~~(c) Nothing in this section shall be construed to limit the right of any person to file in the Office of Administrative Hearings a contested case under Article 3 of Chapter 150B of the General Statutes.~~

"§ 126-34.3. Judicial review of fee awards.

With respect to a decision of the Office of Administrative Hearings assessing or refusing to assess reasonable witness fees or a reasonable attorneys' fee, the decision shall be subject to judicial review in accordance with G.S. 126-34.02(a). The reviewing court may reverse or modify the decision of the Office of Administrative Hearings if the decision is unreasonable or the award is inadequate. An employee who obtains a reversal or modification of the Office of Administrative Hearings' decision in an appeal under this section shall be entitled to recover court costs and a reasonable attorneys' fee for representation in connection with the appeal.

"§ 126-35. Just cause; disciplinary actions for State employees.

~~(a) No career State employee subject to the State Personnel Act shall be discharged, suspended, or demoted for disciplinary reasons, except for just cause. In cases of such disciplinary action, the employee shall, before the action is taken, be furnished with a statement in writing setting forth in numerical order the specific acts or omissions that are the reasons for the disciplinary action and the employee's appeal rights. The employee shall be permitted 15 days from the date the statement is delivered to appeal to the head of the department agency through the agency grievance procedure for a final agency decision. However, an employee may be suspended without warning for causes relating to personal conduct detrimental to State service, pending the giving of written reasons, in order to avoid undue disruption of work or to protect the safety of persons or property or for other serious reasons. The employee, if he is not satisfied with the final decision of the head of the department, or if he is unable, within a reasonable period of time, to obtain a final decision by the head of the department, If the employee is not satisfied with the final agency decision or is unable, within a reasonable period of time, to obtain a final agency decision, the employee may appeal to the Office of Administrative Hearings. Such appeal shall be filed not later than 30 days after receipt of notice of the department head's final agency decision. The State Personnel Commission may adopt, subject to the approval of the Governor, rules that define just cause.~~

~~(b) Notwithstanding any other provision of this Chapter, a reduction in pay or position which is not imposed for disciplinary reasons shall not be considered a disciplinary action within the meaning of this Article. Disciplinary actions, for the purpose of this Article, are those actions taken in accordance with the disciplinary procedures adopted by the State Personnel Commission and specifically based on unsatisfactory job performance, unacceptable personal conduct or a combination of the two.~~

~~(c) For the purposes of contested case hearings under Chapter 150B, an involuntary separation (such as a separation due to a reduction in force) shall be treated in the same fashion as if it were a disciplinary action.~~

~~(d) In contested cases conducted pursuant to Chapter 150B of the General Statutes, the burden of showing that a career State employee subject to the State Personnel Act was discharged, suspended, or demoted for just cause rests with the department or agency employer.~~

"§ 126-36. Appeal of unlawful State employment practice.

~~(a) Any State employee or former State employee who has reason to believe that employment, promotion, training, or transfer was denied the employee or that demotion, layoff, transfer, or termination of employment was forced upon the employee in retaliation for opposition to alleged discrimination or because of the employee's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3 except where specific age, sex or physical requirements constitute a bona fide occupational qualification necessary to proper and efficient administration, shall have the right to appeal directly to the Office of Administrative Hearings.~~

~~(b) Subject to the requirements of G.S. 126-34, any State employee or former State employee who has reason to believe that the employee has been subjected to any of the following shall have the right to appeal directly to the Office of Administrative Hearings:~~

- (1) ~~Harassment in the workplace based upon age, sex, race, color, national origin, religion, creed, or handicapping condition, whether the harassment is based upon the creation of a hostile work environment or upon a quid pro quo.~~
- (2) ~~Retaliation for opposition to harassment in the workplace based upon age, sex, race, color, national origin, religion, creed, or handicapping condition, whether the harassment is based upon the creation of a hostile work environment or upon a quid pro quo.~~

~~"§ 126-36.1. Appeal to Office of Administrative Hearings by applicant for employment.~~

~~Any applicant for State employment who has reason to believe that employment was denied in violation of G.S. 126-16 shall have the right to appeal directly to the Office of Administrative Hearings.~~

~~"§ 126-36.2. Appeal to Office of Administrative Hearings by career State employee denied notice of vacancy or priority consideration.~~

~~Any career State employee who has reason to believe that he was denied promotion due to the failure of the agency, department, or institution that had a job vacancy to:~~

- (1) ~~Post notice of the job vacancy pursuant to G.S. 126-7.1(a) or;~~
- (2) ~~Give him priority consideration pursuant to G.S. 126-7.1(c) may appeal directly to the Office of Administrative Hearings.~~

~~"§ 126-37. Administrative Law Judge's final decision.~~

~~(a) Appeals involving a disciplinary action, alleged discrimination or harassment, and any other contested case arising under this Chapter shall be conducted in the Office of Administrative Hearings as provided in Article 3 of Chapter 150B; provided that no grievance may be appealed unless the employee has complied with G.S. 126-34. The administrative law judge is hereby authorized to reinstate any employee to the position from which the employee has been removed, to order the employment, promotion, transfer, or salary adjustment of any individual to whom it has been wrongfully denied or to direct other suitable action to correct the abuse which may include the requirement of payment for any loss of salary which has resulted from the improperly discriminatory action of the appointing authority.~~

~~(b) Repealed by 1993 (Reg. Sess., 1994), c. 572, s. 1.~~

~~(b1) Repealed by Session Laws 2011-398, s. 44, effective January 1, 2012, and applicable to contested cases commenced on or after that date.~~

~~(b2) The final decision is subject to judicial review pursuant to Article 4 of Chapter 150B of the General Statutes. Appeals in which it is found that discrimination prohibited by Article 6 of this Chapter has occurred or in any case where a binding decision is required by applicable federal standards shall be heard as all other appeals.~~

~~(c) If the local appointing authority is other than a board of county commissioners, the local appointing authority must give the county notice of the appeal taken pursuant to subsection (a) of this section. Notice must be given to the county manager or the chairman of the board of county commissioners by certified mail within 15 days of the receipt of the notice of appeal. The county may intervene in the appeal within 30 days of receipt of the notice. If the action is appealed to superior court the county may intervene in the superior court proceeding even if it has not intervened in the administrative proceeding. The decision of the superior court shall be binding on the county even if the county does not intervene.~~

~~"§ 126-38. Time limit for appeals.~~

~~Any employee appealing any decision or action shall file a petition for a contested case with the Office of Administrative Hearings as provided in G.S. 150B-23(a) no later than 30 days after receipt of notice of the decision or action which triggers the right of appeal.~~

~~"§ 126-39. Scope of this Article.~~

~~Except for positions subject to competitive service and except for appeals brought under G.S. 126-16, 126-25, and 126-36, this Article applies to all State employees who are career State employees at the time of the act, grievance, or employment practice complained of.~~

~~"§ 126-40: Repealed by Session Laws 1985, c. 746, s. 16.~~

~~"§ 126-41. Attorney and witness fees.~~

~~The decision of the Commission assessing or refusing to assess reasonable witness fees or a reasonable attorney's fee as provided in G.S. 126-4(11) is a final agency decision appealable under Article 4 of Chapter 150B of the General Statutes. The reviewing court may reverse or modify the decision of the Commission if the decision is unreasonable or the award is inadequate. The reviewing court shall award court costs and a reasonable attorney's fee for~~

representation in connection with the appeal to an employee who obtains a reversal or modification of the Commission's decision in an appeal under this section.

"§ 126-42. Reserved for future codification purposes."

SECTION 6.2. G.S. 126-7.2 is repealed.

SECTION 6.3. G.S. 126-14.1(c) reads as rewritten:

"(c) A State employee subject to the Personnel Act, probationary State employee, or temporary State employee, who without probable cause falsely accuses a person of violating this section shall be subject to discipline or change in employment status in accordance with the provisions of ~~G.S. 126-35, 126-37, and 126-38~~ G.S. 126-34.02 and may, as otherwise provided by law, be subject to criminal penalties for perjury or civil liability for libel, slander, or malicious prosecution."

SECTION 6.4. G.S. 7A-29(a) reads as rewritten:

"(a) From any final order or decision of the North Carolina Utilities Commission not governed by subsection (b) of this section, the Department of Health and Human Services under G.S. 131E-188(b), the North Carolina Industrial Commission, the North Carolina State Bar under G.S. 84-28, the Property Tax Commission under G.S. 105-290 and G.S. 105-342, the Commissioner of Insurance under G.S. 58-2-80, the State Board of Elections under G.S. 163-127.6, the Office of Administrative Hearings under G.S. 126-34.02, or the Secretary of Environment and Natural Resources under G.S. 104E-6.2 or G.S. 130A-293, appeal as of right lies directly to the Court of Appeals."

SECTION 6.5. This Part is effective when it becomes law and applies to grievances filed on or after that date.

PART VII. OTHER MODERNIZING AND CONFORMING CHANGES

SECTION 7.1. G.S. 126-16 reads as rewritten:

"§ 126-16. Equal opportunity for employment and compensation by State departments and agencies and local political subdivisions.

~~All State departments and agencies, departments, and institutions and all local political subdivisions of North Carolina shall give equal opportunity for employment and compensation, without regard to race, religion, color, creed, national origin, sex, age, disability, or genetic information to all persons otherwise qualified, except where specific age, sex or physical requirements constitute bona fide occupational qualifications necessary to proper and efficient administration. This section with respect to equal opportunity as to age shall be limited to individuals who are at least 40 years of age."~~

SECTION 7.2. G.S. 126-16.1 reads as rewritten:

"§ 126-16.1. Equal employment opportunity training.

Each State agency, department, and institution and The University of North Carolina shall enroll each newly appointed supervisor or manager within one year of appointment in the Equal Employment Opportunity training offered or approved by the Office of State Personnel.

~~Each State agency, each State department, and The University of North Carolina shall:~~

- ~~(1) Enroll each newly appointed supervisor or manager within one year of appointment in the Equal Employment Opportunity Institute operated by the Division of Equal Opportunity Services of the Office of State Personnel. Current managers and supervisors are encouraged to enroll/participate in the Institute.~~
- ~~(2) Be responsible for providing supplies and resource materials for managers and supervisors who are enrolled from that department, agency or university."~~

SECTION 7.3. G.S. 126-19 reads as rewritten:

"§ 126-19. Equal employment opportunity plans; reports; maintenance of services by State Personnel Director.

(a) Each member of the Council of State under G.S. 143A-11, each of the principal departments enumerated in G.S. 143B-6, The University of North Carolina, the judicial branch, and the legislative branch, shall develop and submit on an annual basis an Equal Employment Opportunity plan which shall include goals and programs that provide positive measures to assure equitable and fair representation of North Carolina's citizens. The plans developed by the judicial branch and by the Legislative Services Office on behalf of the legislative branch shall be submitted to the General Assembly on or before June 1 of each year. All other such

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shall be submitted to the State Personnel Director for review and approval on or before March 1, of each year.

(b) ~~The State Personnel Commission shall submit a report to the General Assembly concerning the status of Equal Employment Opportunity plans and programs for all State departments, agencies, universities, which are required by this Chapter to report to the State Personnel Director, on or before June 1 of each year. If any plan has been disapproved, the report shall contain reasons for disapproval. The status report submitted to the General Assembly by the State Personnel Director and the plans submitted to the General Assembly by the judicial branch and the Legislative Services Office on behalf of the legislative branch shall contain the total number of persons employed in each job category, the race, sex, salary, and other demographics relative to persons hired and promoted during the reporting period, analysis of the data, and an indication as to which goals were achieved.~~

(c) ~~The State Personnel Director shall at least maintain current will provide services of Equal Employment Opportunity technical assistance, training, oversight, monitoring, evaluation, support programs, and reporting to assure that State government's work force is diverse at all occupational levels. These services shall be provided by qualified personnel at all occupational levels reflect North Carolina's population. To the extent reasonably possible, these services shall be provided by qualified personnel who have continuous experience in the field of Equal Employment Opportunity and affirmative action and who are sensitive to circumstances and experiences of individuals from diverse backgrounds and cultures, and recognize that efficient and effective government requires the talents, skills, and abilities of all available human resources."~~

SECTION 7.4. G.S. 126-25 reads as rewritten:

"§ 126-25. Remedies of employee objecting to material in file.

(a) An employee, former ~~employee-employee~~, or applicant for employment who objects to material in ~~his-the employee's~~ file may place in his or her file a written statement relating to the material ~~he-the employee~~ considers to be inaccurate or misleading.

(b) An employee, former ~~employee-employee~~, or applicant for employment who objects to material in ~~his-the employee's~~ file because he or she considers it inaccurate or misleading may seek the removal of such material from ~~his-the~~ file in accordance with a grievance procedure established by that department. If the agency determines that material in the employee's file is inaccurate or misleading, the agency shall remove or amend the inaccurate material to ensure that the file is accurate. Nothing in this subsection shall be construed to permit an employee to appeal the contents of a performance appraisal or written disciplinary action, ~~the grievance procedure of that department, including appeal to the State Personnel Commission. When a department, division, bureau, commission, or other agency agrees or is ordered by the State Personnel Commission or by the General Court of Justice of this State to remove inaccurate or misleading material from an employee's file, which information was placed in the file by the supervisor or other agent of management, it shall destroy the original and all copies of the material removed and may not retain any inaccurate or misleading information derived from the material removed."~~

SECTION 7.5. G.S. 126-6.2 reads as rewritten:

"§ 126-6.2. Reports.

(a) Beginning January 1, 1998, and quarterly thereafter, the head of each State agency, department, or institution employing State employees subject to the State Personnel Act shall report to the Office of State Personnel on the following:

(1) The costs associated with the defense or settlement of administrative grievances and lawsuits filed by current or former State employees and applicants for State employment, including the costs of settlements, attorneys' fees, litigation expenses, damages, or awards incurred by the respective State agencies, departments, and institutions. The report shall include an explanation of the fiscal impact of these costs upon the operations of the State agency, department, or institution.

(2) Any other human resources functions or actions as may be requested by the Director of the Office of State Personnel in order for the Office to evaluate the efficiency, productivity, and compliance of a State agency, department, or institution with policies, including, but not limited to, the compensation of State employees, voluntary shared-leave programs, equal employment opportunity plans and programs, and work options programs.~~The~~

~~modification of position descriptions resulting in changes in position qualifications to allow the use of educational, experience, or other equivalencies in the hiring or promotion of State employees where such equivalencies were not previously used in the position descriptions. The report shall include an explanation of the reasons for the changes in the position descriptions and the bases for the use of the equivalencies.~~

(b) Beginning May 1, 1998, and annually thereafter, the State Personnel Commission shall report to the Joint Legislative Commission on Governmental Operations on the costs associated with the defense or settlement of lawsuits ~~and on the use of position qualification equivalencies, as compiled in accordance with lawsuits, and upon request, on the results of any other reports regarding human resources action or functions pursuant to subsection (a) of this section.~~

~~(c) Beginning May 1, 1998, and then annually thereafter, the State Personnel Commission, through the Office of State Personnel, shall report to the Joint Legislative Commission on Governmental Operations on outcomes with respect to State employee hirings, promotions, disciplinary actions, and compensation, based upon demographics."~~

SECTION 7.6. G.S. 126-14.4 is repealed.

SECTION 7.7. G.S. 126-79 is repealed.

SECTION 7.8. G.S. 126-8.3(c) reads as rewritten:

"(c) The State Personnel Commission, the State Board of Education, and the State Board of Community Colleges ~~Colleges and all State agencies, departments, and institutions shall annually report to the Office of State Personnel on the voluntary shared leave program. For the prior fiscal year, the report shall include the total number of days or hours of vacation leave and sick leave donated and used by voluntary shared leave recipients and the total cost of the vacation leave and sick leave donated and used. The State Personnel Commission, the State Board of Education, and the State Board of Community Colleges shall provide a report for each fiscal year as required by this section to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on or before October 15 each year."~~

SECTION 7.9.(a) G.S. 126-7(b) is repealed.

SECTION 7.9.(b) Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-7.3. Annual compensation surveys.

To guide the Governor and the General Assembly in making decisions regarding the compensation of State employees, the Office of State Personnel shall conduct annual compensation surveys. The Commission shall present the results of the compensation survey to the Appropriations Committees of the House of Representatives and the Senate no later than two weeks after the convening of the legislature in odd-numbered years and May 1st of even-numbered years."

SECTION 7.10. G.S. 126-86 reads as rewritten:

"§ 126-86. Civil actions for injunctive relief or other remedies.

Any State employee injured by a violation of G.S. 126-85 who is not subject to Article 8 of this Chapter may maintain an action in superior court for damages, an injunction, or other remedies provided in this Article against the person or agency who committed the violation within one year after the occurrence of the alleged violation of this Article; provided, however, any claim arising under Article 21 of Chapter 95 of the General Statutes may be maintained pursuant to the provisions of that Article only and may be redressed only by the remedies and relief available under that Article."

SECTION 7.11. This Part is effective when it becomes law.

PART VIII. REORGANIZATION THROUGH REDUCTION PROGRAM

SECTION 8.1. The Office of State Personnel, in conjunction with the Office of State Budget and Management (OSBM), may develop the Reorganization Through Reduction Program (RTR). The RTR shall be one option available for reorganization and restructuring of the departments and offices listed in G.S. 126-5(d)(1), as amended by Section 4.1 of this act. The RTR is authorized to serve as an employee volunteer separation program to accomplish reorganization and restructuring needs in the specified departments and offices through policies approved by the State Personnel Commission (SPC). The SPC policy shall detail the following:

- (1) The approach to be used in identifying the organizational units.
- (2) The process for identifying employees who may volunteer.

(3) The availability of severance and other related assistance.

SECTION 8.2. Severance and any other payments made pursuant to the implementation of the RTR program will not exceed funds appropriated for that purpose.

SECTION 8.3. This Part is effective when it becomes law and expires June 30, 2014. The Office of State Personnel and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on January 31, 2014, April 30, 2014, and September 1, 2014.

PART IX. RENAMING/STATE HUMAN RESOURCES COMMISSION AND OFFICE OF STATE HUMAN RESOURCES

SECTION 9.1.(a) Chapter 126 of the General Statutes, the State Personnel Act, is hereby renamed and may be cited as the "North Carolina Human Resources Act."

SECTION 9.1.(b) The following entities and positions created by Chapter 126 of the General Statutes are hereby renamed by this act:

- (1) The State Personnel Commission is renamed the "North Carolina Human Resources Commission."
- (2) The Office of State Personnel is renamed the "North Carolina Office of State Human Resources."
- (3) The State Personnel Director is renamed the "Director of the North Carolina Office of State Human Resources."

SECTION 9.1.(c) Modification of References. – The Revisor of Statutes shall delete any references in the General Statutes to the State Personnel Act, State Personnel Commission, the State Personnel Director, and the Office of State Personnel (or any derivatives thereof) and substitute references to the North Carolina Human Resources Act, the State Human Resources Commission, the Director of the Office of State Human Resources, and the Office of Human Resources (or the appropriate derivative thereof) to effectuate the renaming set forth in this section wherever conforming changes are necessary. The affected statutes may include, but are not limited to, the statutes tabulated below:

– Referring to the State Personnel Act:

- | | |
|-------------------|--|
| 1. G.S. 7A-171 | Duty hours, salary, and travel expenses within county. |
| 2. G.S. 7A-751 | Agency head; powers and duties; salaries of Chief Administrative Law Judge and other administrative law judges. |
| 3. G.S. 7A-760 | Number and status of employees; staff assignments; role of State Personnel Commission. |
| 4. G.S. 18C-120 | Selection of the Director; powers and duties. |
| 5. G.S. 18C-173 | Limits on compensation increases. |
| 6. G.S. 58-2-10 | Salary of Commissioner. |
| 7. G.S. 58-71-5 | Commissioner of Insurance to administer Article; rules and regulations; employees; evidence of Commissioner's actions. |
| 8. G.S. 58-86-15 | Director. |
| 9. G.S. 62-12 | Organization of Commission; adoption of rules and regulations therefor. |
| 10. G.S. 88B-6 | Board office, employees, funds, budget requirements. |
| 11. G.S. 90-270.4 | Exemptions to this Article. |
| 12. G.S. 95-2 | Election of Commissioner; term; salary; vacancy. |
| 13. G.S. 97-78 | Salaries and expenses; administrator, executive secretary, deputy commissioners, and other staff assistance; annual report. |
| 14. G.S. 106-11 | Salary of Commissioner of Agriculture. |
| 15. G.S. 113A-258 | Clean Water Management Trust Fund: Executive Director and staff. |
| 16. G.S. 114-7 | Salary of the Attorney General. |
| 17. G.S. 115C-20 | Office and salary. |
| 18. G.S. 115D-5 | Administration of institutions by State Board of Community Colleges; personnel exempt from State Personnel Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and |

- 19. G.S. 116-11 operation of extension units of the community college system; use of existing public school facilities.
- 20. G.S. 116-30.4 Powers and duties generally.
- 21. G.S. 120-36.1 Position management.
- 22. G.S. 120-79 Fiscal Research Division of Legislative Services Commission established.
- 23. G.S. 122A-4 Commission staffing.
- 24. G.S. 122D-5 North Carolina Housing Finance Agency.
- 25. G.S. 122E-4 Officers and employees; administration of Chapter.
- 26. G.S. 126-1.1 North Carolina Housing Partnership created; compensation; organization.
- 27. G.S. 126-2 Career State employee defined.
- 28. G.S. 126-5 State Personnel Commission.
- 29. G.S. 126-6.2 Employees subject to Chapter; exemptions.
- 30. G.S. 126-30 Reports.
- 31. G.S. 126-34.1 Fraudulent disclosure and willful nondisclosure on application for State employment; penalties.
- 32. G.S. 126-35 Grounds for contested case under the State Personnel Act defined.
- 33. G.S. 126-56 Just cause; disciplinary actions for State employees.
- 34. G.S. 126-75 Status of employees of other governments.
- 35. G.S. 135-5.1 Work options for State employees.
- 36. G.S. 135-48.23 Optional retirement program for The University of North Carolina.
- 37. G.S. 136-4 Executive Administrator.
- 38. G.S. 138-4 Chief Engineer.
- 39. G.S. 138A-3 Governor to set salaries of administrative officers; exceptions; longevity pay.
- 40. G.S. 140-5.15 Definitions.
- 41. G.S. 143-166.41 Director of Museum of Art; appointment; dismissal; powers and duties; staff.
- 42. G.S. 143-641 Special separation allowance.
- 43. G.S. 143A-9 Powers and duties of the Commission.
- 44. G.S. 143A-10 Appointment of officers and employees; salaries of department heads.
- 45. G.S. 143B-5 Governor; continuation of powers and duties; staff.
- 46. G.S. 143B-9 Governor; continuation of powers and duties.
- 47. G.S. 143B-10 Appointment of officers and employees.
- 48. G.S. 143B-74.2 Powers and duties of heads of principal departments.
- 49. G.S. 143B-131.9 U.S.S. North Carolina Battleship Commission – employees.
- 50. G.S. 143B-146.7 Roanoke Island Commission staff.
- 51. G.S. 143B-426.11 Consequences for personnel at low-performing schools.
- 52. G.S. 143B-426.38 Powers of Agency.
- 53. G.S. 147-33 Organization and operation of office.
- 54. G.S. 147-33.76 Compensation and expenses of Lieutenant Governor.
- 55. G.S. 147-33.77 Qualification, appointment, and duties of the State Chief Information Officer.
- 56. G.S. 147-35 Office of Information Technology Services; organization and operation.
- 57. G.S. 147-64.1 Salary of Secretary of State.
- 58. G.S. 147-64.10 Salary of State Auditor.
- 59. G.S. 147-65 Powers of appointment.
- 60. G.S. 153A-77 Salary of State Treasurer.
- 61. G.S. 153A-92 Authority of boards of commissioners in certain counties over commissions, boards, agencies, etc.
- Referring to the State Personnel Commission: Compensation.
- 1. G.S. 7A-343.1 Distribution of copies of the appellate division reports.

2. G.S. 7A-760 Number and status of employees; staff assignments; role of State Personnel Commission.
3. G.S. 20-187.3 Quotas prohibited.
4. G.S. 53C-2-3 The Office of the Commissioner of Banks.
5. G.S. 58-32-10 Powers and duties of Commission.
6. G.S. 90B-10 Exemption from certain requirements.
7. G.S. 96-29 Openings listed by State agencies.
8. G.S. 97-77 North Carolina Industrial Commission created; members appointed by Governor; terms of office; chairman.
9. G.S. 108A-9 Duties and responsibilities.
10. G.S. 108A-12 Appointment.
11. G.S. 108A-13 Salary.
12. G.S. 108A-14 Duties and responsibilities.
13. G.S. 115C-12 Powers and duties of the Board generally.
14. G.S. 115C-12.2 Voluntary shared leave.
15. G.S. 115C-84.2 School calendar.
16. G.S. 115C-272 Residence, oath of office, and salary of superintendent.
17. G.S. 115C-285 Salary.
18. G.S. 115C-316 Salary and vacation.
19. G.S. 115D-25.3 Voluntary shared leave.
20. G.S. 120-123 Service by members of the General Assembly on certain boards and commissions.
21. G.S. 122C-121 Area director.
22. G.S. 122C-154 Personnel.
23. G.S. 126-1 Purpose of Chapter; application to local employees.
24. G.S. 126-2 State Personnel Commission.
25. G.S. 126-4 Powers and duties of State Personnel Commission.
26. G.S. 126-5 Employees subject to Chapter; exemptions.
27. G.S. 126-6.2 Reports.
28. G.S. 126-7 Annual Compensation Survey.
29. G.S. 126-7.1 Posting requirement; State employees receive priority consideration; reduction-in-force; Work First hiring.
30. G.S. 126-8 Minimum leave granted State employees.
31. G.S. 126-8.3 Voluntary shared leave.
32. G.S. 126-8.5 Discontinued service retirement allowance and severance wages for certain State employees.
33. G.S. 126-9 County or municipal employees may be made subject to rules adopted by local governing body.
34. G.S. 126-10 Personnel services to local governmental units.
35. G.S. 126-11 Local personnel system may be established; approval and monitoring; rules and regulations.
36. G.S. 126-14.2 Political hirings limited.
37. G.S. 126-14.3 Open and fair competition.
38. G.S. 126-14.4 Remedies.
39. G.S. 126-19 Equal employment opportunity plans; reports; maintenance of services by State Personnel Director.
40. G.S. 126-23 Certain records to be kept by State agencies open to inspection.
41. G.S. 126-25 Remedies of employee objecting to material in file.
42. G.S. 126-26 Rules and regulations.
43. G.S. 126-30 Fraudulent disclosure and willful nondisclosure on application for State employment; penalties.
44. G.S. 126-34.2 Alternative dispute resolution.
45. G.S. 126-35 Just cause; disciplinary actions for State employees.
46. G.S. 126-58 Administration.
47. G.S. 126-74 Work Options Program established.
48. G.S. 126-75 Work options for State employees.
49. G.S. 126-76 Promoting Work Options Program.
50. G.S. 126-77 Authority of agencies to participate.

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| 51. G.S. 126-78 | Administration. |
| 52. G.S. 126-79 | Report required. |
| 53. G.S. 126-82 | State Personnel Commission to provide for preference. |
| 54. G.S. 138A-24 | Contents of statement. |
| 55. G.S. 143-27.2 | Discontinued service retirement allowance and severance wages for certain State employees. |
| 56. G.S. 143-554 | Right of employee appeal. |
| 57. G.S. 143-583 | Model program; technical assistance; reports. |
| 58. G.S. 143-584 | State agency safety and health committees. |
| 59. G.S. 143B-10 | Powers and duties of heads of principal departments. |
| 60. G.S. 148-118.8 | Appointment, salary, and authority of Executive Director and inmate grievance examiners. |
| 61. G.S. 150B-2 | Definitions. |
| – Referring to the State Personnel Director: | |
| 1. G.S. 20-79.5 | Special registration plates for elected and appointed State government officials. |
| 2. G.S. 95-127 | Definitions. |
| 3. G.S. 126-3 | Office of State Personnel established and responsibilities outlined; administration and supervision; appointment, compensation and tenure of Director. |
| 4. G.S. 126-4 | Powers and duties of State Personnel Commission. |
| 5. G.S. 126-5 | Employees subject to Chapter; exemptions. |
| 6. G.S. 126-8.5 | Discontinued service retirement allowance and severance wages for certain State employees. |
| 7. G.S. 126-9 | County or municipal employees may be made subject to rules adopted by local governing body. |
| 8. G.S. 126-19 | Equal employment opportunity plans; reports; maintenance of services by State Personnel Director. |
| 9. G.S. 126-74 | Work Options Program established. |
| 10. G.S. 143-27.2 | Discontinued service retirement allowance and severance wages for certain State employees. |
| 11. G.S. 143-345.23 | Suggestion and review process; role of agency coordinator and agency evaluator. |
| – Referring to the Office of State Personnel: | |
| 1. G.S. 7A-102 | Assistant and deputy clerks; appointment; number; salaries; duties. |
| 2. G.S. 7A-343.1 | Distribution of copies of the appellate division reports. |
| 3. G.S. 15-203 | Duties of the Secretary of Public Safety; appointment of probation officers; reports; requests for extradition. |
| 4. G.S. 88B-6 | Board office, employees, funds, budget requirements. |
| 5. G.S. 90B-10 | Exemption from certain requirements. |
| 6. G.S. 116-14 | President and staff. |
| 7. G.S. 116-30.1 | Special responsibility constituent institutions. |
| 8. G.S. 116-30.4 | Position management. |
| 9. G.S. 116-37 | University of North Carolina Health Care System. |
| 10. G.S. 116-40.6 | East Carolina University Medical Faculty Practice Plan. |
| 11. G.S. 122C-120.1 | Job classifications; director and finance officer. |
| 12. G.S. 122C-121 | Area director. |
| 13. G.S. 122C-154 | Personnel. |
| 14. G.S. 126-1 | Purpose of Chapter; application to local employees. |
| 15. G.S. 126-3 | Office of State Personnel established and responsibilities outlined; administration and supervision; appointment, compensation and tenure of Director. |
| 16. G.S. 126-6.2 | Reports. |
| 17. G.S. 126-7.1 | Posting requirement; State employees receive priority consideration; reduction-in-force; Work First hiring. |
| 18. G.S. 126-10 | Personnel services to local governmental units. |
| 19. G.S. 126-11 | Local personnel system may be established; approval and monitoring; rules and regulations. |

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| 20. G.S. 126-16.1 | Equal employment opportunity training. |
| 21. G.S. 126-22 | Personnel files not subject to inspection under § 132-6. |
| 22. G.S. 126-74 | Work Options Program established. |
| 23. G.S. 128-15.3 | Discrimination against handicapped prohibited in hiring; recruitment, etc., of handicapped persons. |
| 24. G.S. 135-4 | Creditable service. |
| 25. G.S. 138A-3 | Definitions. |
| 26. G.S. 143-49 | Powers and duties of Secretary. |
| 27. G.S. 143-64.70 | Personal service contracts – reporting requirements. |
| 28. G.S. 143-215.107C | State agency goals, plans, duties, and reports. |
| 29. G.S. 143-345.21 | State employee suggestion program. |
| 30. G.S. 143-345.22 | Allocation of suggestion program funds; nonmonetary recognition. |
| 31. G.S. 143-345.23 | Suggestion and review process; role of agency coordinator and agency evaluator. |
| 32. G.S. 143-345.24 | State Suggestion Review Committee. |
| 33. G.S. 143-345.25 | Innovations deemed property of the State; effect of decisions regarding bonuses. |
| 34. G.S. 143-583 | Model program; technical assistance; reports. |
| 35. G.S. 143B-10 | Powers and duties of heads of principal departments. |
| 36. G.S. 143B-53.2 | Salaries, promotions, and leave of employees of the North Carolina Department of Cultural Resources. |
| 37. G.S. 143B-146.21 | Policies, reports, and other miscellaneous provisions. |
| 38. G.S. 143B-394.15 | Commission established; purpose; membership; transaction of business. |
| 39. G.S. 143B-417 | North Carolina Internship Council creation; powers and duties. |
| 40. G.S. 143B-806 | Duties and powers of the Division of Juvenile Justice of the Department of Public Safety. |
| 41. G.S. 147-54.3 | Land records management program. |
| 42. G.S. 148-22.1 | Educational facilities and programs for selected inmates. |

SECTION 9.2. No action or proceeding pending on the effective date of this section, brought by or against the State Personnel Commission, the Director of the Office of State Personnel, or the Office of State Personnel, shall be affected by any provision of this section, but the same may be prosecuted or defended in the new name of the Commission, Director, and Office. In these actions and proceedings, the renamed Commission, Director, or Office shall be substituted as a party upon proper application to the courts or other public bodies.

SECTION 9.3. Any business or other matter undertaken or commanded by the former State Personnel Commission, State Personnel Director, or Office of State Personnel regarding any State program, office, or contract or pertaining to or connected with their respective functions, powers, obligations, and duties that are pending on the date this act becomes effective may be conducted and completed by the Commission, Director, or Office in the same manner and under the same terms and conditions and with the same effect as if conducted and completed by the formerly named commission, director, or office.

SECTION 9.4. This Part is effective when it becomes law.

PART X. TRANSPARENCY IN HEALTH CARE COSTS

SECTION 10.1. Chapter 131E of the General Statutes is amended by adding a new Article to read:

"Article 1B.

"Transparency in Health Care Costs.

"§ 131E-214.5. Title.

This article shall be known as the Health Care Cost Reduction and Transparency Act of 2013.

"§ 131E-214.6. Purpose; Department to publish price information.

(a) It is the intent of this Article to improve transparency in health care costs by providing information to the public on the costs of the most frequently reported diagnostic related groups (DRGs) for hospital inpatient care and the most common surgical procedures

and imaging procedures provided in hospital outpatient settings and ambulatory surgical facilities.

(b) The Department of Health and Human Services shall make available to the public on its internet Web site the most current price information it receives from hospitals and ambulatory surgical facilities pursuant to G.S. 131E-214.7. The Department shall provide this information in a manner that is easily understood by the public and meets the following minimum requirements:

- (1) Information for each hospital shall be listed separately and hospitals shall be listed in groups by category as determined by the North Carolina Medical Care Commission in rules adopted pursuant to G.S. 131E-214.7.
- (2) Information for each hospital outpatient department and each ambulatory surgical facility shall be listed separately.

(c) Any data disclosed to the Department by a hospital or ambulatory surgical facility pursuant to the Health Care Cost Reduction and Transparency Act of 2013 shall be and will remain the sole property of the facility that submitted the data. Any data or product derived from the data disclosed pursuant to this act, including a consolidation or analysis of the data, shall be and will remain the sole property of the State. The Department shall not allow proprietary information it receives pursuant to this act to be used by any person or entity for commercial purposes.

"§ 131E-214.7. Disclosure of prices for most frequently reported DRGs, CPTs, and HCPCSs.

(a) The following definitions apply in this Article:

- (1) Ambulatory surgical facility. – A facility licensed under Part 4 of Article 6 of this Chapter.
- (2) Commission. – The North Carolina Medical Care Commission.
- (3) Hospital. – A medical care facility licensed under Article 5 of this Chapter or under Article 2 of Chapter 122C of the General Statutes.
- (4) Health insurer. – As defined in G.S. 108A-55.4, provided that "health insurer" shall not include self-insured plans and group health plans as defined in section 607(1) of the Employee Retirement Income Security Act of 1974.
- (5) Public or private third party. – Includes the State, the federal government, employers, health insurers, third-party administrators, and managed care organizations.

(b) Beginning with the quarter ending June 30, 2014, and quarterly thereafter, each hospital shall provide to the Department of Health and Human Services, utilizing electronic health records software, the following information about the 100 most frequently reported admissions by DRG for inpatients as established by the Commission:

- (1) The amount that will be charged to a patient for each DRG if all charges are paid in full without a public or private third party paying for any portion of the charges.
- (2) The average negotiated settlement on the amount that will be charged to a patient required to be provided in subdivision (1) of this subsection.
- (3) The amount of Medicaid reimbursement for each DRG, including claims and pro rata supplemental payments.
- (4) The amount of Medicare reimbursement for each DRG.
- (5) For the five largest health insurers providing payment to the hospital on behalf of insureds and teachers and State employees, the range and the average of the amount of payment made for each DRG. Prior to providing this information to the Department, each hospital shall redact the names of the health insurers and any other information that would otherwise identify the health insurers.

A hospital shall not be required to report the information required by this subsection for any of the 100 most frequently reported admissions where the reporting of that information reasonably could lead to the identification of the person or persons admitted to the hospital in violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal law.

(c) The Commission shall adopt rules on or before March 1, 2014, to ensure that subsection (b) of this section is properly implemented and that hospitals report this information to the Department in a uniform manner. The rules shall include all of the following:

- (1) The 100 most frequently reported DRGs for inpatients for which hospitals must provide the data set out in subsection (b) of this section.
- (2) Specific categories by which hospitals shall be grouped for the purpose of disclosing this information to the public on the Department's Internet Web site.

(d) Beginning with the quarter ending September 30, 2014, and quarterly thereafter, each hospital and ambulatory surgical facility shall provide to the Department, utilizing electronic health records software, information on the total costs for the 20 most common surgical procedures and the 20 most common imaging procedures, by volume, performed in hospital outpatient settings or in ambulatory surgical facilities, along with the related CPT and HCPCS codes. Hospitals and ambulatory surgical facilities shall report this information in the same manner as required by subdivisions (b)(1) through (5) of this section, provided that hospitals and ambulatory surgical facilities shall not be required to report the information required by this subsection where the reporting of that information reasonably could lead to the identification of the person or persons admitted to the hospital in violation of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) or other federal law.

(e) The Commission shall adopt rules on or before June 1, 2014, to ensure that subsection (d) of this section is properly implemented and that hospitals and ambulatory surgical facilities report this information to the Department in a uniform manner. The rules shall include the list of the 20 most common surgical procedures and the 20 most common imaging procedures, by volume, performed in a hospital outpatient setting and those performed in an ambulatory surgical facility, along with the related CPT and HCPCS codes.

(f) Upon request of a patient for a particular DRG, imaging procedure, or surgery procedure reported in this section, a hospital or ambulatory surgical facility shall provide the information required by subsection (b) or subsection (d) of this section to the patient in writing, either electronically or by mail, within three business days after receiving the request.

"§ 131E-214.8. Disclosure of charity care policy and costs.

(a) Requirements. – A hospital or ambulatory surgical facility required to file Schedule H, federal form 990, under the Code must provide the public access to its financial assistance policy and its annual financial assistance costs reported on its Schedule H, federal form 990. The information must be submitted annually to the Department in the time, manner, and format required by the Department. The Department must post the information on its internet Web site. The information must also be displayed in a conspicuous place in the organization's place of business.

(b) Definitions. – The following definitions apply in this section:

- (1) Code. – Defined in G.S. 105-228.90.
- (2) Financial assistance costs. – The information reported on Schedule H, federal form 990, related to the organization's financial assistance at cost and the amounts reported on that schedule related to the organization's bad debt expense and the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy.
- (3) Financial assistance policy. – A policy that meets the requirements of section 501(r) of the Code."

SECTION 10.2. The State Health Plan for Teachers and State Employees shall establish a workgroup to examine the best way to provide teachers and State employees greater transparency in the costs of health services provided under the State Health Plan. The State Health Plan for Teachers and State Employees shall report the findings and recommendations of the workgroup to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Committee on Governmental Operations on or before December 31, 2013, and annually thereafter through December 31, 2016.

SECTION 10.3. Not later than September 1, 2013, the Department of Health and Human Services shall communicate the requirements of Section 2 of this act to all hospitals licensed pursuant to Article 5 of Chapter 131E of the General Statutes, Article 2 of Chapter 122C of the General Statutes, and to all ambulatory surgical facilities licensed pursuant to Part

SECTION 10.4. G.S. 131E-97.3(a) reads as rewritten:

"§ 131E-97.3. Confidentiality of competitive health care information.

(a) For the purposes of this section, competitive health care information means information relating to competitive health care activities by or on behalf of hospitals and public hospital authorities. Competitive health care information does not include any of the information hospitals and ambulatory surgical facilities are required to report under G.S. 131E-214.6. Competitive health care information shall be confidential and not a public record under Chapter 132 of the General Statutes; provided that any contract entered into by or on behalf of a public hospital or public hospital authority, as defined in G.S. 159-39, shall be a public record unless otherwise exempted by law, or the contract contains competitive health care information, the determination of which shall be as provided in subsection (b) of this section."

SECTION 10.5. G.S. 131E-99 reads as rewritten:

"§ 131E-99. Confidentiality of health care contracts.

~~The~~ Except for the information a hospital or an ambulatory surgical facility is required to report under G.S. 131E-214.6, the financial terms and other competitive health care information directly related to the financial terms in a health care services contract between a hospital or a medical school and a managed care organization, insurance company, employer, or other payer is confidential and not a public record under Chapter 132 of the General Statutes. Nothing in this section shall prevent an elected public body which has responsibility for the hospital or medical school from having access to this confidential information in a closed session. The disclosure to a public body does not affect the confidentiality of the information. Members of the public body shall have a duty not to further disclose the confidential information."

SECTION 10.6. Section 10.4 and Section 10.5 of this Part become effective January 1, 2014. The remainder of this Part is effective when it becomes law.

PART XI. CERTAIN CHARGES/PAYMENTS PROHIBITED

SECTION 11.1. Article 16 of Chapter 131E of the General Statutes is amended by adding a new section to read:

"§ 131E-273. Certain charges/payments prohibited.

It shall be unlawful for any provider of health care services to charge or accept payment for any health care procedure or component of any health care procedure that was not performed or supplied."

SECTION 11.2. This Part becomes effective December 1, 2013, and applies to health care procedures and services rendered on or after that date. This Part shall not apply to administrative actions or litigation filed before the effective date of this Part.

PART XII. HOSPITAL DEBT COLLECTION

SECTION 12.1. G.S. 105A-2(9) reads as rewritten:

"(9) State agency. – Any of the following:

- a. A unit of the executive, legislative, or judicial branch of State ~~government~~, except for the following:
 1. Any school of medicine, clinical program, facility, or practice affiliated with one of the constituent institutions of The University of North Carolina that provides medical care to the general public.
 2. The University of North Carolina Health Care System and other persons or entities affiliated with or under the control of The University of North Carolina Health Care System.
- b. A local agency, to the extent it administers a program supervised by the Department of Health and Human Services or it operates a Child Support Enforcement Program, enabled by Chapter 110, Article 9, and Title IV, Part D of the Social Security Act.
- c. A community college."

SECTION 12.2. This Part becomes effective January 1, 2014, and applies to tax refunds determined by the Department of Revenue on or after that date.

PART XIII. FAIR HEALTH CARE FACILITY BILLING AND COLLECTIONS PRACTICES

SECTION 13.1. G.S. 131E-91 reads as rewritten:

"§ 131E-91. ~~Itemized charges on discharged patient's bill~~Fair billing and collections practices for hospitals and ambulatory surgical facilities.

(a) All hospitals and ambulatory surgical facilities licensed pursuant to this Chapter shall, upon request of the ~~patient~~patient, ~~within 30 days of discharge,~~present an itemized list of charges to all discharged ~~patients.~~patients detailing in language comprehensible to an ordinary layperson the specific nature of the charges or expenses incurred by the patient. Patient bills that are not itemized shall include notification to the patient of the right to request, free of charge, an itemized bill. A patient may request an itemized list of charges at any time within three years after the date of discharge or so long as the hospital or ambulatory surgical facility, a collections agency, or another assignee of the hospital or ambulatory surgical facility asserts the patient has an obligation to pay the bill. Each hospital and ambulatory surgical facility shall establish a method for patients to inquire about or dispute a bill.

(b) If a patient has overpaid the amount due to the hospital or ambulatory surgical facility, whether as the result of insurance coverage, patient error, health care facility billing error, or other cause, and the overpayment is not in dispute or on appeal, the hospital or ambulatory surgical facility shall provide the patient with a refund within 45 days of receiving notice of the overpayment.

(c) A hospital or ambulatory surgical facility shall not bill insured patients for charges that would have been covered by their insurance had the hospital or ambulatory surgical facility submitted the claim or other information required to process the claim within the allotted time requirements of the insurer.

(d) Hospitals and ambulatory surgical facilities shall abide by the following reasonable collections practices:

- (1) A hospital or ambulatory surgical facility shall not refer a patient's unpaid bill to a collections agency, entity, or other assignee during the pendency of a patient's application for charity care or financial assistance under the hospital's or ambulatory surgical facility's charity care or financial assistance policies.
- (2) A hospital or ambulatory surgical facility shall provide a patient with a written notice that the patient's bill will be subject to collections activity at least 30 days prior to the referral being made.
- (3) A hospital or ambulatory surgical facility that contracts with a collections agency, entity, or other assignee shall require the collections agency, entity, or other assignee to inform the patient of the hospital's or ambulatory surgical facility's charity care and financial assistance policies when engaging in collections activity.
- (4) A hospital or ambulatory surgical facility shall require a collections agency, entity, or other assignee to obtain the written consent of the hospital or ambulatory surgical facility prior to the collections agency, entity, or other assignee filing a lawsuit to collect the debt.
- (5) For debts arising from the provision of care by a hospital or ambulatory surgical center, the doctrine of necessities as it existed at common law shall apply equally to both spouses, except where they are permanently living separate and apart, but shall in no event create any liability between the spouses as to each other. No lien arising out of a judgment for a debt owed a hospital or ambulatory surgical facility under this section shall attach to the judgment debtors' principal residence held by them as tenants by the entirety or that was held by them as tenants by the entirety prior to the death of either spouse where the tenancy terminated as a result of the death of either spouse.
- (6) For debts arising from the provision of care by a hospital or ambulatory surgical center to a minor, there shall be no execution on or otherwise forced sale of the principal residence of the custodial parent or parents for a judgment obtained for the outstanding debt until such time as the minor is either no longer residing with the custodial parent or parents or until the minor reaches the age of majority, whichever occurs first.

(e) The Commission shall adopt rules to ensure that this section is properly ~~implemented~~implemented, and that patient bills which are not itemized include notification to

~~the patient of his right to request an itemized bill.~~ The Department shall not issue ~~nor~~ or renew a license under this ~~Chapter~~ Article unless the applicant has demonstrated that the requirements of this ~~section~~ subsection are being met.

SECTION 13.2. Article 2A of Chapter 131E of the General Statutes is repealed.

SECTION 13.3. Part 4 of Article 6 of Chapter 131E of the General Statutes is amended by adding a new section to read:

"§ 131E-147.1. Fair billing and collections practices for ambulatory surgical facilities.

All ambulatory surgical facilities licensed under this Part shall be subject to the fair billing and collections practices set out in G.S. 131E-91."

SECTION 13.4. G.S. 58-3-245 reads as rewritten:

"§ 58-3-245. Provider ~~directories~~ directories; cost tools for insured.

(a) Every health benefit plan utilizing a provider network shall maintain a provider directory that includes a listing of network providers available to insureds and shall update the listing no less frequently than once a year. In addition, every health benefit plan shall maintain a telephone system and may maintain an electronic or on-line system through which insureds can access up-to-date network information. The health benefit plan shall ensure that a patient is provided accurate and current information on each provider's network status through the telephone system and any electronic or online system. If the health benefit plan produces printed directories, the directories shall contain language disclosing the date of publication, frequency of updates, that the directory listing may not contain the latest network information, and contact information for accessing up-to-date network information.

(b) Each directory listing shall include the following network information:

- (1) The provider's name, address, telephone number, and, if applicable, area of specialty.
- (2) Whether the provider may be selected as a primary care provider.
- (3) To the extent known to the health benefit plan, an indication of whether the provider:
 - a. Is or is not currently accepting new patients.
 - b. Has any other restrictions that would limit an insured's access to that provider.

(c) The directory listing shall include all of the types of participating providers. Upon a participating provider's written request, the insurer shall also list in the directory, as part of the participating provider's listing, the names of any allied health professionals who provide primary care services under the supervision of the participating provider and whose services are covered by virtue of the insurer's contract with the supervising participating provider and whose credentials have been verified by the supervising participating provider. These allied health professionals shall be listed as a part of the directory listing for the participating provider upon receipt of a certification by the supervising participating provider that the credentials of the allied health professional have been verified consistent with the requirements for the type of information required to be verified under G.S. 58-3-230.

(d) A health care provider shall provide to a patient or prospective patient, upon request, information on that provider's network status with a particular health benefit plan."

SECTION 13.5. This Part becomes effective October 1, 2013, and applies to hospital and ambulatory surgical facility billings and collections practices occurring on or after that date.

PART XIV. PARTICIPATION IN NORTH CAROLINA HEALTH INFORMATION EXCHANGE

SECTION 14.1. Article 29A of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-413.3A. Required participation in NC HIE for some providers.

(a) The General Assembly makes the following findings:

- (1) That controlling escalating health care costs of the Medicaid program is of significant importance to the State, its taxpayers, and its Medicaid recipients.
- (2) That the State needs timely access to claims and clinical information in order to assess performance, pinpoint medical expense trends, identify beneficiary health risks, and evaluate how the State is spending Medicaid dollars.
- (3) That making this clinical information available through the North Carolina Health Information Exchange will improve care coordination within

across health systems, increase care quality, enable more effective population health management, reduce duplication of medical services, augment syndromic surveillance, allow more accurate measurement of care services and outcomes, increase strategic knowledge about the health of the population, and facilitate health cost-containment.

(b) Notwithstanding any other provision of law, based upon the findings set forth in subsection (a) of this section, any hospital, as defined in G.S. 131E-76(c), that has an electronic health record system shall connect to the NC HIE and submit individual patient demographic and clinical data on services paid for with Medicaid funds."

SECTION 14.2. This Part becomes effective January 1, 2014.

PART XV. EFFECTIVE DATE

SECTION 15. Unless otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 25th day of July, 2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 11:05 a.m. this 21st day of August, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-401
HOUSE BILL 857**

**AN ACT AUTHORIZING PUBLIC CONTRACTS TO UTILIZE THE DESIGN-BUILD
METHOD OR PUBLIC-PRIVATE PARTNERSHIP CONSTRUCTION CONTRACTS.**

Whereas, the legislature recognizes that there is a public need for the design, construction, improvement, renovation, and expansion of high-performing public buildings within the State of North Carolina; and

Whereas, the public need may not be, in limited situations, wholly satisfied by existing procurement methods in which public buildings are designed, constructed, improved, renovated, or expanded; and

Whereas, many local governmental entities request special legislative authorization to enter into public-private partnerships and use design-build contracting every legislative session; and

Whereas, in some instances, more efficient delivery of quality design and construction can be realized when a governmental entity is authorized to utilize an integrated approach for the design and construction of a project under one contract with a single point of responsibility; and

Whereas, the design-build integrated approach to project delivery, based upon qualifications and experience, in some instances, can yield improved collaboration among design professionals, builders, and owners throughout the entire process and deliver a quality and cost-efficient building; and

Whereas, certain governmental entities within the State lack the financial resources required to undertake capital building construction projects that are necessary to satisfy critical public needs; and

Whereas, partnerships with private developers may offer an effective financial mechanism for governmental entities to secure public buildings to satisfy critical public needs that cannot otherwise be met; and

Whereas, the legislature recognizes that the general public must have confidence in governmental entities' processes for construction contracting; and

Whereas, the legislature realizes that open competition delivers the best value for taxpayers and public owners; and

Whereas, the legislature seeks to create transparent, fair, and equitable contracting procedures for the use of public funds in government construction contracting; and

Whereas, the legislation proposed in this act is not intended to affect the existing statutes, regulations, or practices relevant to projects administered by the North Carolina Department of Transportation nor licensing requirements of designers or contractors; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-64.31 reads as rewritten:

"§ 143-64.31. Declaration of public policy.

(a) It is the public policy of this State and all public subdivisions and Local Governmental Units thereof, except in cases of special emergency involving the health and safety of the people or their property, to announce all requirements for architectural, engineering, ~~surveying and surveying~~, construction management at risk ~~services~~, services, design-build services, and public-private partnership construction services to select firms qualified to provide such services on the basis of demonstrated competence and qualification for the type of professional services required without regard to fee other than unit price



information at this stage, and thereafter to negotiate a contract for those services at a fair and reasonable fee with the best qualified firm. If a contract cannot be negotiated with the best qualified firm, negotiations with that firm shall be terminated and initiated with the next best qualified firm. Selection of a firm under this Article shall include the use of good faith efforts by the public entity to notify minority firms of the opportunity to submit qualifications for consideration by the public entity.

(a1) A resident firm providing architectural, engineering, surveying, ~~or construction management at risk services~~ services, design-build services, or public-private partnership construction services shall be granted a preference over a nonresident firm, in the same manner, on the same basis, and to the extent that a preference is granted in awarding contracts for these services by the other state to its resident firms over firms resident in the State of North Carolina. For purposes of this section, a resident firm is a firm that has paid unemployment taxes or income taxes in North Carolina and whose principal place of business is located in this State.

(b) Public entities that contract with a construction manager at ~~risk-risk, design-builder, or private developer~~ under a public-private partnership under this section shall report to the Secretary of Administration the following information on all projects where a construction manager at ~~risk-risk, design-builder, or private developer~~ under a public-private partnership is utilized:

- (1) A detailed explanation of the reason why the particular construction manager at ~~risk-risk, design-builder, or private developer~~ was selected.
- (2) The terms of the contract with the construction manager at ~~risk-risk, design-builder, or private developer~~.
- (3) A list of all other firms considered but not selected as the construction manager at ~~risk-risk, design-builder, or private developer~~, and the amount of their proposed fees for services.
- (4) A report on the form of bidding utilized by the construction manager at ~~risk risk, design-builder, or private developer~~ on the project.
- (5) A detailed explanation of why the particular delivery method was used in lieu of the delivery methods identified in G.S. 143-128(a1) subdivisions (1) through (3) and the anticipated benefits to the public entity from using the particular delivery method.

(c) The Secretary of Administration shall adopt rules to implement the provisions of this subsection including the format and frequency of reporting.

(d) A public body letting a contract pursuant to any of the delivery methods identified in subdivisions (a1)(4), (a1)(6), (a1)(7), or (a1)(8) of G.S. 143-128 shall submit the report required by G.S. 143-64.31(b) no later than 12 months from the date the public body takes beneficial occupancy of the project. In the event that the public body fails to do so, the public body shall be prohibited from utilizing subdivisions (a1)(4), (a1)(6), (a1)(7), or (a1)(8) of G.S. 143-128 until such time as the public body completes the reporting requirement under this section. Contracts entered into in violation of this prohibition shall not be deemed ultra vires and shall remain valid and fully enforceable. Any person, corporation or entity, however, which has submitted a bid or response to a request for proposals on any construction project previously advertised by the public body shall be entitled to obtain an injunction against the public body compelling the public body to comply with the reporting requirements of this section and from commencing or continuing a project let in violation of this subdivision until such time as the public body has complied with the reporting requirements of this section. The plaintiff in such cases shall not be entitled to recover monetary damages caused by the public body's failure to comply with this reporting requirements section, and neither the plaintiff nor the defendant shall be allowed to recover attorneys fees except as otherwise allowed by G.S. 1A-11 or G.S. 6-21.5. An action seeking the injunctive relief allowed by this subdivision must be filed within four years from the date that the owner took beneficial occupancy of the project for which the report remains due.

(e) For purposes of this Article, the definition in G.S. 143-128.1B and G.S. 143-128.1C shall apply."

SECTION 2. G.S. 143-64.32 reads as rewritten:

"§ 143-64.32. Written exemption of particular contracts.

Units of local government or the North Carolina Department of Transportation may in
438 writing exempt particular projects from the provisions of this Article in the case of:

- (a) ~~Proposed of proposed projects where an estimated professional fee is in an amount less than thirty thousand dollars (\$30,000), or fifty thousand dollars (\$50,000).~~
- (b) ~~Other particular projects exempted in the sole discretion of the Department of Transportation or the unit of local government, stating the reasons therefor and the circumstances attendant thereto."~~

SECTION 3. G.S. 143-128(a1) reads as rewritten:

"(a1) Construction methods. – The State, a county, municipality, or other public body shall award contracts to erect, construct, alter, or repair buildings pursuant to any of the following methods:

- (1) Separate-prime bidding.
- (2) Single-prime bidding.
- (3) Dual bidding pursuant to subsection (d1) of this section.
- (4) Construction management at risk contracts pursuant to G.S. 143-128.1.
- (5) Alternative contracting methods authorized pursuant to G.S. 143-135.26(9).
- (6) Design-build contracts pursuant to G.S. 143-128.1A.
- (7) Design-build bridging contracts pursuant to G.S. 143-128.1B.
- (8) Public-private partnership construction contracts pursuant to G.S. 143-128.1C."

SECTION 4. Article 8 of Chapter 143 of the General Statutes is amended by adding the following new sections to read:

"§ 143-128.1A. Design-build contracts.

- (a) Definitions for purposes of this section:
 - (1) Design-builder. – As defined in G.S. 143-128.1B.
 - (2) Governmental entity. – As defined in G.S. 143-128.1B.
- (b) A governmental entity shall establish in writing the criteria used for determining the circumstances under which the design-build method is appropriate for a project, and such criteria shall, at a minimum, address all of the following:
 - (1) The extent to which the governmental entity can adequately and thoroughly define the project requirements prior to the issuance of the request for qualifications for a design-builder.
 - (2) The time constraints for the delivery of the project.
 - (3) The ability to ensure that a quality project can be delivered.
 - (4) The capability of the governmental entity to manage and oversee the project, including the availability of experienced staff or outside consultants who are experienced with the design-build method of project delivery.
 - (5) A good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities. The governmental entity shall not limit or otherwise preclude any respondent from submitting a response so long as the respondent, itself or through its proposed team, is properly licensed and qualified to perform the work defined by the public notice issued under subsection (c) of this section.
 - (6) The criteria utilized by the governmental entity, including a comparison of the costs and benefits of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1), (2), and (4) of G.S. 143-128(a1).
- (c) A governmental entity shall issue a public notice of the request for qualifications that includes, at a minimum, general information on each of the following:
 - (1) The project site.
 - (2) The project scope.
 - (3) The anticipated project budget.
 - (4) The project schedule.
 - (5) The criteria to be considered for selection and the weighting of the qualifications criteria.
 - (6) Notice of any rules, ordinances, or goals established by the governmental entity, including goals for minority- and women-owned business participation and small business participation.
 - (7) Other information provided by the owner to potential design-builders in submitting qualifications for the project.

(8) A statement providing that each design-builder shall submit in its response to the request for qualifications an explanation of its project team selection, which shall consist of either of the following:

- a. A list of the licensed contractors, licensed subcontractors, and licensed design professionals whom the design-builder proposes to use for the project's design and construction.
- b. An outline of the strategy the design-builder plans to use for open contractor and subcontractor selection based upon the provisions of Article 8 of Chapter 143 of the General Statutes.

(d) Following evaluation of the qualifications of the design-builders, the three most highly qualified design-builders shall be ranked. If after the solicitation for design-builders not as many as three responses have been received from qualified design-builders, the governmental entity shall again solicit for design-builders. If as a result of such second solicitation not as many as three responses are received, the governmental entity may then begin negotiations with the highest-ranked design-builder under G.S. 143-64.31 even though fewer than three responses were received. If the governmental entity deems it appropriate, the governmental entity may invite some or all responders to interview with the governmental entity.

(e) The design-builder shall be selected in accordance with Article 3D of this Chapter. Each design-builder shall certify to the governmental entity that each licensed design professional who is a member of the design-build team, including subconsultants, was selected based upon demonstrated competence and qualifications in the manner provided by G.S. 143-64.31.

(f) The design-builder shall provide a performance and payment bond to the governmental entity in accordance with the provisions of Article 3 of Chapter 44A of the General Statutes. The design-builder shall obtain written approval from the governmental entity prior to changing key personnel as listed in sub-subdivision (c)(8)a. of this section after the contract has been awarded.

"§ 143-128.1B. Design-build bridging contracts.

(a) Definitions for purposes of this section:

- (1) Design-build bridging. – A design and construction delivery process whereby a governmental entity contracts for design criteria services under a separate agreement from the construction phase services of the design-builder.
- (2) Design-builder. – An appropriately licensed person, corporation, or entity that, under a single contract, offers to provide or provides design services and general contracting services where services within the scope of the practice of professional engineering or architecture are performed respectively by a licensed engineer or licensed architect and where services within the scope of the practice of general contracting are performed by a licensed general contractor.
- (3) Design criteria. – The requirements for a public project expressed in drawings and specifications sufficient to allow the design-builder to make a responsive bid proposal.
- (4) Design professional. – Any professional licensed under Chapters 83A, 89A, or 89C of the General Statutes.
- (5) First-tier subcontractor. – A subcontractor who contracts directly with the design-builder, excluding design professionals.
- (6) Governmental entity. – Every officer, board, department, commission, or commissions charged with responsibility of preparation of specifications or awarding or entering into contracts for the erection, construction, alteration, or repair of any buildings for the State or for any county, municipality, or other public body.

(b) A governmental entity shall establish in writing the criteria used for determining the circumstances under which engaging a design criteria design professional is appropriate for a project, and such criteria shall, at a minimum, address all of the following:

- (1) The extent to which the governmental entity can adequately and thoroughly define the project requirements prior to the issuance of the request for proposals for a design-builder.

- (2) The time constraints for the delivery of the project.
- (3) The ability to ensure that a quality project can be delivered.
- (4) The capability of the governmental entity to manage and oversee the project, including the availability of experienced staff or outside consultants who are experienced with the design-build method of project delivery.
- (5) A good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities. The governmental entity shall not limit or otherwise preclude any respondent from submitting a response so long as the respondent, itself or through its proposed team, is properly licensed and qualified to perform the work defined by the public notice issued under subsection (d) of this section.
- (6) The criteria utilized by the governmental entity, including a comparison of the cost and benefit of using the design-build delivery method for a given project in lieu of the delivery methods identified in subdivisions (1), (2), and (4) of G.S. 143-128(a1).

(c) On or before entering into a contract for design-build services under this section, the governmental entity shall select or designate a staff design professional, or a design professional who is independent of the design-builder, to act as its design criteria design professional as its representative for the procurement process and for the duration of the design and construction. If the design professional is not a full-time employee of the governmental entity, the governmental entity shall select the design professional on the basis of demonstrated competence and qualifications as provided by G.S. 143-64.31. The design criteria design professional shall develop design criteria in consultation with the governmental entity. The design criteria design professional shall not be eligible to submit a response to the request for proposals nor provide design input to a design-build response to the request for proposals. The design criteria design professional shall prepare a design criteria package equal to thirty-five percent (35%) of the completed design documentation for the entire construction project. The design criteria package shall include all of the following:

- (1) Programmatic needs, interior space requirements, intended space utilization, and other capacity requirements.
- (2) Information on the physical characteristics of the site, such as a topographic survey.
- (3) Material quality standards or performance criteria.
- (4) Special material requirements.
- (5) Provisions for utilities.
- (6) Parking requirements.
- (7) The type, size, and location of adjacent structures.
- (8) Preliminary or conceptual drawings and specifications sufficient in detail to allow the design-builder to make a proposal which is responsive to the request for proposals.
- (9) Notice of any ordinances, rules, or goals adopted by the governmental entity.

(d) A governmental entity shall issue a public notice of the request for proposals that includes, at a minimum, general information on each of the following:

- (1) The project site.
- (2) The project scope.
- (3) The anticipated project budget.
- (4) The project schedule.
- (5) The criteria to be considered for selection and the weighting of the selection criteria.
- (6) Notice of any rules, ordinances, or goals established by the governmental entity, including goals for minority- and women-owned business participation and small business entities.
- (7) The thirty-five percent (35%) design criteria package prepared by the design criteria design professional.
- (8) Other information provided by the owner to design-builders in submitting responses to the request for proposals for the project.
- (9) A statement providing that each design-builder shall submit in its request for proposal response an explanation of its project team selection, which shall consist of a list of the licensed contractor and licensed design professionals

whom the design-builder proposes to use for the project's design and construction.

(10) A statement providing that each design-builder shall submit in its request for proposal a sealed envelope with all of the following:

a. The design-builder's price for providing the general conditions of the contract.

b. The design-builder's proposed fee for general construction services.

c. The design-builder's fee for design services.

(e) Following evaluation of the qualifications of the design-builders, the governmental entity shall rank the design-builders who have provided responses, grouping the top three without ordinal ranking. If after the solicitation for design-builders not as many as three responses have been received from qualified design-builders, the governmental entity shall again solicit for design-builders. If as a result of such second solicitation not as many as three responses are received, the governmental entity may then make its selection. From the grouping of the top three design-builders, the governmental entity shall select the design-builder who is the lowest responsive, responsible bidder based on the cumulative amount of fees provided in accordance with subdivision (d)(10) of this section and taking into consideration quality, performance, and the time specified in the proposals for the performance of the contract. Each design-builder shall certify to the governmental entity that each licensed design professional who is a member of the design-build team, including subconsultants, was selected based upon demonstrated competence and qualifications in the manner provided by G.S. 143-64.31.

(f) The design-builder shall accept bids based upon the provisions of this Article from first-tier subcontractors for all construction work under this section.

(g) The design-builder shall provide a performance and payment bond to the governmental entity in accordance with the provisions of Article 3 of Chapter 44A of the General Statutes. The design-builder shall obtain written approval from the governmental entity prior to changing key personnel, as listed under subdivision (d)(9) of this section, after the contract has been awarded.

"§ 143-128.1C. Public-private partnership construction contracts.

(a) Definitions for purposes of this section:

(1) Construction contract. – Any contract entered into between a private developer and a contractor for the design, construction, reconstruction, alteration, or repair of any building or other work or improvement required for a private developer to satisfy its obligations under a development contract.

(2) Contractor. – Any person who has entered into a construction contract with a private developer under this section.

(3) Design-builder. – Defined in G.S. 143-128.1B.

(4) Development contract. – Any contract between a governmental entity and a private developer under this section and, as part of the contract, the private developer is required to provide at least fifty percent (50%) of the financing for the total cost necessary to deliver the capital improvement project, whether through lease or ownership, for the governmental entity.

(5) Governmental entity. – Defined in G.S. 143-128.1B.

(6) Labor or materials. – Includes all materials furnished or labor performed in the performance of the work required by a construction contract whether or not the labor or materials enter into or become a component part of the improvement and shall include gas, power, light, heat, oil, gasoline, telephone services, and rental of equipment or the reasonable value of the use of equipment directly utilized in the performance of the work required by a construction contract.

(7) Private developer. – Any person who has entered into a development contract with a governmental entity under this section.

(8) Public-private project. – A capital improvement project undertaken for the benefit of a governmental entity and a private developer pursuant to a development contract that includes construction of a public facility or other improvements, including paving, grading, utilities, infrastructure, reconstruction, or repair, and may include both public and private facilities.

- (9) State entity. – The State and every agency, authority, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include a unit of local government as defined in G.S. 159-7.
- (10) State-supported financing arrangement. – Any installment financing arrangement, lease-purchase arrangement, arrangement under which funds are to be paid in the future based upon the availability of an asset or funds for payment, or any similar arrangement in the nature of a financing, under which a State entity agrees to make payments to acquire or obtain a capital asset for the State entity or any other State entity for a term, including renewal options, of greater than one year. Any arrangement that results in the identification of a portion of a lease payment, installment payment, or similar scheduled payment thereunder by a State entity as "interest" for purposes of federal income taxation shall automatically be a State-supported financing arrangement for purposes of this section.
- (11) Subcontractor. – Any person who has contracted to furnish labor, services, or materials to, or who has performed labor or services for, a contractor or another subcontractor in connection with a development contract.

(b) If the governmental entity determines in writing that it has a critical need for a capital improvement project, the governmental entity may acquire, construct, own, lease as lessor or lessee, and operate or participate in the acquisition, construction, ownership, leasing, and operation of a public-private project, or of specific facilities within such a project, including the making of loans and grants from funds available to the governmental entity for these purposes. If the governmental entity is a public body under Article 33C of this Chapter, the determination shall occur during an open meeting of that public body. The governmental entity may enter into development contracts with private developers with respect to acquiring, constructing, owning, leasing, or operating a project under this section. The development contract shall specify the following:

- (1) The property interest of the governmental entity and all other participants in the development of the project.
- (2) The responsibilities of the governmental entity and all other participants in the development of the project.
- (3) The responsibilities of the governmental entity and all other participants with respect to financing of the project.
- (4) The responsibilities to put forth a good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities.

(c) The development contract may provide that the private developer shall be responsible for any or all of the following:

- (1) Construction of the entire public-private project.
- (2) Reconstruction or repair of the public-private project or any part thereof subsequent to construction of the project.
- (3) Construction of any addition to the public-private project.
- (4) Renovation of the public-private project or any part thereof.
- (5) Purchase of apparatus, supplies, materials, or equipment for the public-private project whether during or subsequent to the initial equipping of the project.
- (6) A good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities.

(d) The development contract may also provide that the governmental entity and private developer shall use the same contractor or contractors in constructing a portion of or the entire public-private project. If the development contract provides that the governmental entity and private developer shall use the same contractor, the development contract shall include provisions deemed appropriate by the governmental entity to assure that the public facility or facilities included in or added to the public-private project are constructed, reconstructed, repaired, or renovated at a reasonable price and that the apparatus, supplies, materials, and equipment purchased for the public facility or facilities included in the public-private project are purchased at a reasonable price. For public-private partnerships using the design-build project delivery method, the provisions of G.S. 143-128.1A shall apply.

(e) A private developer and its contractors shall make a good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities.

(f) A private developer may perform a portion of the construction or design work only if both of the following criteria apply:

(1) A previously engaged contractor defaults, and a qualified replacement cannot be obtained after a good-faith effort has been made in a timely manner.

(2) The governmental entity approves the private developer to perform the work.

(g) The following bonding provisions apply to any development contract entered into under this section:

(1) A payment bond shall be required for any development contract as follows: A payment bond in the amount of one hundred percent (100%) of the total anticipated amount of the construction contracts to be entered into between the private developer and the contractors to design or construct the improvements required by the development contract. The payment bond shall be conditioned upon the prompt payment for all labor or materials for which the private developer or one or more of its contractors or those contractors' subcontractors are liable. The payment bond shall be solely for the protection of the persons furnishing materials or performing labor or services for which the private developer or its contractors or subcontractors are liable. The total anticipated amount of the construction contracts shall be stated in the development contract and certified by the private developer as being a good-faith projection of its total costs for designing and constructing the improvements required by the development contract. The payment bond shall be executed by one or more surety companies legally authorized to do business in the State of North Carolina and shall become effective upon the awarding of the development contract. The development contract may provide for the requirement of a performance bond.

(2) Subject to the provisions of this subsection, any claimant who has performed labor or furnished materials in the prosecution of the work required by any contract for which a payment bond has been given pursuant to the provisions of this subsection, and who has not been paid in full therefor before the expiration of 90 days after the day on which the claimant performed the last labor or furnished the last materials for which that claimant claims payment, may bring an action on the payment bond in that claimant's own name to recover any amount due to that claimant for the labor or materials and may prosecute the action to final judgment and have execution on the judgment.

a. Any claimant who has a direct contractual relationship with any contractor or any subcontractor but has no contractual relationship, express or implied, with the private developer may bring an action on the payment bond only if that claimant has given written notice of claim on the payment bond to the private developer within 120 days from the date on which the claimant performed the last of the labor or furnished the last of the materials for which that claimant claims payment, in which that claimant states with substantial accuracy the amount claimed and the name of the person for whom the work was performed or to whom the material was furnished.

b. The notice required by sub-subdivision a. of this subdivision shall be served by certified mail or by signature confirmation as provided by the United States Postal Service, postage prepaid, in an envelope addressed to the private developer at any place where that private developer's office is regularly maintained for the transaction of business or in any manner provided by law for the service of summons. The claimants' service of a claim of lien on real property or a claim of lien on funds as funds as allowed by Article 2 of Chapter 44A of the General Statutes on the private developer shall be deemed, nonexclusively, as adequate notice under this section.

- (3) Every action on a payment bond as provided in this subsection shall be brought in a court of appropriate jurisdiction in a county where the development contract or any part thereof is to be or has been performed. Except as provided in G.S. 44A-16(c), no action on a payment bond shall be commenced after one year from the day on which the last of the labor was performed or material was furnished by the claimant.
- (4) No surety shall be liable under a payment bond for a total amount greater than the face amount of the payment bond. A judgment against any surety may be reduced or set aside upon motion by the surety and a showing that the total amount of claims paid and judgments previously rendered under the payment bond, together with the amount of the judgment to be reduced or set aside, exceeds the face amount of the bond.
- (5) No act of or agreement between the governmental entity, a private developer, or a surety shall reduce the period of time for giving notice under sub-subdivision (2)a. of this subsection or commencing action under subdivision (3) of this subsection or otherwise reduce or limit the liability of the private developer or surety as prescribed in this subsection. Every bond given by a private developer pursuant to this subsection shall be conclusively presumed to have been given in accordance with the provisions of this subsection, whether or not the bond is drawn as to conform to this subsection. The provisions of this subsection shall be conclusively presumed to have been written into every bond given pursuant to this subsection.
- (6) Any person entitled to bring an action or any defendant in an action on a payment bond shall have a right to require the governmental entity or the private developer to certify and furnish a copy of the payment bond, the development contract, and any construction contracts covered by the bond. It shall be the duty of the private developer or the governmental entity to give any such person a certified copy of the payment bond and the construction contract upon not less than 10 days' notice and request. The governmental entity or private developer may require a reasonable payment for the actual cost of furnishing the certified copy. A copy of any payment bond, development contract, and any construction contracts covered by the bond certified by the governmental entity or private developer shall constitute prima facie evidence of the contents, execution, and delivery of the bond, development contract, and construction contracts.
- (7) A payment bond form containing the following provisions shall comply with this subsection:
- a. The date the bond is executed.
 - b. The name of the principal.
 - c. The name of the surety.
 - d. The governmental entity.
 - e. The development contract number.
 - f. All of the following:
 - 1. "KNOW ALL MEN BY THESE PRESENTS, That we, the PRINCIPAL and SURETY above named, are held and firmly bound unto the above named [governmental entity], hereinafter called [governmental entity], in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents."
 - 2. "THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal entered into a certain development contract with [governmental entity], numbered as shown above and hereto attached."
 - 3. "NOW THEREFORE, if the Principal shall promptly make payment to all persons supplying labor and material in the prosecution of the construction or design work provided for in the development contract, and any and all duly authorized

modifications of the contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then this obligation to be void; otherwise to remain in full force and virtue."

4. "IN WITNESS WHEREOF, the above bounden parties have executed this instrument under their several seals on the date indicated above, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body." Appropriate places for execution by the surety and principal shall be provided.

(8) In any suit brought or defended under the provisions of this subsection, the presiding judge may allow reasonable attorneys' fees to the attorney representing the prevailing party. Attorneys' fees under this subdivision are to be taxed as part of the court costs and shall be payable by the losing party upon a finding that there was an unreasonable refusal by the losing party to fully resolve the matter which constituted the basis of the suit or the basis of the defense. For purposes of this subdivision, the term "prevailing party" means a party plaintiff or third-party plaintiff who obtains a judgment of at least fifty percent (50%) of the monetary amount sought in a claim or a party defendant or third-party defendant against whom a claim is asserted which results in a judgment of less than fifty percent (50%) of the amount sought in the claim defended. Notwithstanding the provisions of this subdivision, if an offer of judgment is served in accordance with G.S. 1A-1, Rule 68, a "prevailing party" is an offeree who obtains judgment in an amount more favorable than the last offer or is an offeror against whom judgment is rendered in an amount less favorable than the last offer.

(9) The obligations and lien rights set forth in Article 2 of Chapter 44A of the General Statutes shall apply to a project awarded under this section to the extent of any property interests held by the private developer in the project. For purposes of applying the provisions of Article 2 of Chapter 44A of the General Statutes, the private developer shall be deemed the owner to the extent of that private developer's ownership interest. This subdivision shall not be construed as making the provisions of Article 2 of Chapter 44A of the General Statutes apply to governmental entities or public buildings to the extent of any property interest held by the governmental entity in the building.

(h) The governmental entity shall determine its programming requirements for facilities to be constructed under this section and shall determine the form in which private developers may submit their qualifications. The governmental entity shall advertise a notice for interested private developers to submit qualifications in a newspaper having general circulation within the county in which the governmental entity is located. Prior to the submission of qualifications, the governmental entity shall make available, in whatever form it deems appropriate, the programming requirements for facilities included in the public-private project. Any private developer submitting qualifications shall include the following:

(1) Evidence of financial stability. However, "trade secrets" as that term is defined in G.S. 66-152(3) shall be exempt from disclosure under Chapter 132 of the General Statutes.

(2) Experience with similar projects.

(3) Explanation of project team selection by either listing of licensed contractors, licensed subcontractors, and licensed design professionals whom the private developer proposes to use for the project's design and construction or a statement outlining a strategy for open contractor and subcontractor selection based upon the provisions of this Article.

(4) Statement of availability to undertake the public-private project and projected time line for project completion.

(5) Any other information required by the governmental entity.

(i) Based upon the qualifications package submitted by the private developers and any other information required by the governmental entity, the governmental entity may select one

or more private developers with whom to negotiate the terms and conditions of a contract to perform the public-private project. The governmental entity shall advertise the terms of the proposed contract to be entered into by the governmental entity in a newspaper having general circulation within the county in which the governmental entity is located at least 30 days prior to entering into the development contract. If the governmental entity is a public body under Article 33C of this Chapter, the development contract shall be considered in an open meeting of that public body following a public hearing on the proposed development contract. Notice of the public hearing shall be published in the same notice as the advertisement of the terms under this subsection.

(j) The governmental entity shall make available a summary of the development contract terms which shall include a statement of how to obtain a copy of the complete development contract.

(k) Leases entered into under this section are subject to approval as follows:

(1) If a capital lease or operating lease is entered into by a unit of local government as defined in G.S. 159-7, that capital lease or operating lease is subject to approval by the local government commission under Article 8 of Chapter 159 of the General Statutes if it meets the standards set out in G.S. 159-148(a)(1), 159-148(a)(2), and 159-148(a)(3), 159-148(a)(4) or 159-153. For purposes of determining whether the standards set out in G.S. 159-148(a)(3) have been met, only the five hundred thousand dollar (\$500,000) threshold applies.

(2) If a capital lease is entered into by a State entity that constitutes a State-supported financing arrangement and requires payments thereunder that are payable, whether directly or indirectly, and whether or not subject to the appropriation of funds for such payment, by payments from the General Fund of the State or other funds and accounts of the State that are funded from the general revenues and other taxes and fees of the State or State entities, not including taxes and fees that are required to be deposited to the Highway Fund or Highway Trust Fund, that capital lease shall be subject to the approval procedures required for special indebtedness by G.S. 142-83 and G.S. 142-84. This requirement shall not apply to any arrangement where bonds or other obligations are issued or incurred by a State entity to carry out a financing program authorized by the General Assembly under which such bonds or other obligations are payable from monies derived from specified, limited, nontax sources, so long as the payments under that arrangement by a State entity are limited to the sources authorized by the General Assembly.

(l) A capital lease or operating lease entered into under this section may not contain any provision with respect to the assignment of specific students or students from a specific area to any specific school.

(m) This section shall not apply to any contract or other agreement between or among The University of North Carolina or one of its constituent institutions, a private, nonprofit corporation established under Part 2B of Article 1 of Chapter 116 of the General Statutes, or any private foundation, private association, or private club created for the primary purpose of financial support to The University of North Carolina or one of its constituent institutions."

SECTION 5. G.S. 143-128.1 reads as rewritten:

"§ 143-128.1. Construction management at risk contracts.

(a) For purposes of this section and G.S. 143-64.31:

(1) "Construction management services" means services provided by a construction manager, which may include preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services, and construction administration.

(2) "Construction management at risk services" means services provided by a person, corporation, or entity that (i) provides construction management services for a project throughout the preconstruction and construction phases, (ii) who is licensed as a general contractor, and (iii) who guarantees the cost of the project.

(3) "Construction manager at risk" means a person, corporation, or entity that provides construction management at risk services.

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(4) "First-tier subcontractor" means a subcontractor who contracts directly with the construction manager at risk.

(b) The construction manager at risk shall be selected in accordance with Article 3D of this Chapter. Design services for a project shall be performed by a licensed architect or engineer. The public owner shall contract directly with the architect or engineer. The public owner shall make a good-faith effort to comply with G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities when selecting a construction manager at risk.

(c) The construction manager at risk shall contract directly with the public entity for all construction; shall publicly advertise as prescribed in G.S. 143-129; and shall prequalify and accept bids from first-tier subcontractors for all construction work under this section. The prequalification criteria shall be determined by the public entity and the construction manager at risk to address quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, capacity to perform, and other factors deemed appropriate by the public entity. The public entity shall require the construction manager at risk to submit its plan for compliance with G.S. 143-128.2 for approval by the public entity prior to soliciting bids for the project's first-tier subcontractors. A construction manager at risk and first-tier subcontractors shall make a good faith effort ~~to recruit and select minority businesses for participation in contracts pursuant to G.S. 143-128.2, to comply with~~ G.S. 143-128.2, G.S. 143-128.4, and to recruit and select small business entities. A construction manager at risk may perform a portion of the work only if (i) bidding produces no responsible, responsive bidder for that portion of the work, the lowest responsible, responsive bidder will not execute a contract for the bid portion of the work, or the subcontractor defaults and a prequalified replacement cannot be obtained in a timely manner, and (ii) the public entity approves of the construction manager at risk's performance of the work. All bids shall be opened publicly, and once they are opened, shall be public records under Chapter 132 of the General Statutes. The construction manager at risk shall act as the fiduciary of the public entity in handling and opening bids. The construction manager at risk shall award the contract to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, compliance with G.S. 143-128.2, and other factors deemed appropriate by the public entity and advertised as part of the bid solicitation. The public entity may require the selection of a different first-tier subcontractor for any portion of the work, consistent with this section, provided that the construction manager at risk is compensated for any additional cost incurred.

When contracts are awarded pursuant to this section, the public entity shall provide for a dispute resolution procedure as provided in G.S. 143-128(f1). (d) The construction manager at risk shall provide a performance and payment bond to the public entity in accordance with the provisions of Article 3 of Chapter 44A of the General Statutes."

SECTION 6. G.S. 44A-16 is amended by adding a new subsection to read:

"(c) For improvements performed in conjunction with a development contract under G.S. 143-128.1C, a claim of lien on real property or a claim of lien on funds served on a private developer may also be discharged by the private developer and the surety on a payment bond issued under G.S. 143-128.1C(g)(1) in accordance with this subsection. The claim of lien may be discharged by the private developer and surety jointly filing with the clerk of superior court of the county where the project is located a copy of the payment bond together with an affidavit executed by the surety stating that, as of the date of the filing of the payment bond with the clerk of superior court, the amount of the penal sum of the payment bond minus any amounts paid in good faith to other claimants on the project and minus the amount of all other claims of lien on real property filed against the property improved by the project exceeds the amount claimed by the lien claim being discharged by at least one hundred twenty-five percent (125%). Notwithstanding any other contractual provision or law, where a claimant's lien claim has been discharged under this subsection, the claimant shall have no less than one year from the date of being served with the payment bond and affidavit to file suit on the payment bond."

SECTION 7. G.S. 115C-521 is amended by adding a new subsection to read:

"(f) A local board of education may use prototype designs from the clearinghouse established under subsection (e) of this section that is a previously approved and constructed project by the School Planning Division of the State Board of Education, and other appropriate review agencies. The local board of education may contract with the architect of record to make

448 changes and upgrades as necessary for regulatory approval.

(g) For prototype schools under this section, local boards of education shall be exempt from the designer selection procedure in Article 3D of Chapter 143 of the General Statutes and may enter into an agreement with the original design professional of the prototype to supply design services for future construction of the prototype school."

SECTION 8.(a) There shall be established a Purchase and Contract Study Committee to study the issue of prequalification on public nontransportation construction work for both local and State government projects. The Committee may study any of the following:

- (1) An analysis of existing prequalification requirements and consider whether or not current State construction voluntary standards should be required for all public projects.
- (2) An analysis of whether and/or how prequalification standards may have effectively disqualified licensed North Carolina general contractors who are able to satisfy all applicable bonding requirements under Chapter 44A of the North Carolina General Statutes.
- (3) Development of one or more objective and nondiscriminatory systems for prequalification to permit all appropriately licensed North Carolina general contractors to have the opportunity to bid in open competition for public construction projects in the State.
- (4) Any other matter relevant to the implementation of House Bill 857, 2013 Regular Session.

SECTION 8.(b) Appointments to the committee established by subsection (a) of this section shall be as follows:

- (1) Two Senators, appointed by the President Pro Tempore of the Senate.
- (2) Two Representatives, appointed by the Speaker of the House of Representatives.
- (3) Three licensed general contractors, appointed by the President Pro Tempore of the Senate.
- (4) One professional engineer, appointed by the Speaker of the House of Representatives.
- (5) One registered architect, appointed by the Speaker of the House of Representatives.
- (6) One person upon recommendation of the North Carolina League of Municipalities, appointed by the Speaker of the House of Representatives.
- (7) One person upon recommendation of the North Carolina County Commissioners Association, appointed by the President Pro Tempore of the Senate.
- (8) A representative from the State Construction Office.

SECTION 8.(c) The Committee shall report its findings, together with any recommendations, to the General Assembly on or before the convening of the 2014 Session of the 2013 General Assembly.

SECTION 9. This act becomes effective 30 days after it becomes law and applies to projects bid on or after that date and public-private development contracts entered into on or after that date, and does not supersede any prior enacted local act of the General Assembly enacted on or before July 1, 2013.

In the General Assembly read three times and ratified this the 24th day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:48 a.m. this 23rd day of August, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-247
HOUSE BILL 868**

A BILL TO BE ENTITLED
AN ACT TO REPEAL UNNECESSARY STATUTES, MAKE CONFORMING CHANGES
TO THE GENERAL STATUTES, AND CLARIFY OPERATION AND OVERSIGHT OF
CERTAIN RESIDENTIAL SCHOOLS FORMERLY GOVERNED BY THE
DEPARTMENT OF HEALTH AND HUMAN SERVICES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S.115C-383 is repealed.

SECTION 1.(b) Part 9A of Article 3 of Chapter 143B of the General Statutes is repealed.

SECTION 1.(c) Part 30 of Article 3 of Chapter 143B of the General Statutes is repealed.

SECTION 2. Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 9C.

"Schools for Students with Visual and Hearing Impairments.

"§ 115C-150.11. State Board of Education as governing agency.

The State Board of Education shall be the sole governing agency for the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The Department of Public Instruction shall be responsible for the administration and oversight of a school governed by this Article.

"§ 115C-150.12. Applicability of Chapter.

Except as otherwise provided, the requirements of this Chapter shall apply to the schools governed by this Article.

"§ 115C-150.13. Rule making.

(a) The State Board of Education shall adopt rules necessary for the Department of Public Instruction to implement this Article, including, at a minimum, rules to address eligibility for admission criteria. In determining rules for admission criteria, the State Board of Education shall take into account the following factors:

- (1) State and federal laws.
- (2) Optimal academic and communicative outcomes for the child.
- (3) Parental input and choice.
- (4) Recommendations in a child's Individualized Education Program (IEP).

(b) Rules shall be adopted in accordance with Chapter 150B of the General Statutes.

"§ 115C-150.14. Tuition and room and board.

Only children who are residents of North Carolina are entitled to free tuition and room and board at a school governed by this Article."

SECTION 3. G.S. 143B-138.1(b) reads as rewritten:

"(b) All functions, powers, duties, and obligations previously vested in the following commissions, boards, councils, committees, or subunits of the Department of Human Resources are transferred to and vested in the Department of Health and Human Services by a Type II transfer, as defined in G.S. 143A-6:

- (1) Respite Care Program.
- (2) Governor's Advisory Council on Aging.
- (3) Commission for the Blind.
- (4) Professional Advisory Committee.



- (5) Consumer and Advocacy Advisory Committee for the Blind.
- (6) Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services.
- (7) Social Services Commission.
- (8) Child Day Care Commission.
- (9) Medical Care Commission.
- (10) Emergency Medical Services Advisory Council.
- ~~(11) Board of Directors of the Governor Morehead School.~~
- ~~(12) Board of Directors for the North Carolina Schools for the Deaf.~~
- (13) North Carolina Council for the Hearing Impaired.
- (14) Repealed by Session Laws 2002, ch. 126, s. 10.10D(c), effective October 1, 2002.
- (15) Council on Developmental Disabilities."

SECTION 4. G.S. 143B-146.1(b) reads as rewritten:

"(b) The following definitions apply in this Part:

- (1) ABC's Program or Program. – The School-Based Management and Accountability Program developed by the State Board.
- (2) Department. – The Department of Health and Human Services.
- (3) Instructional personnel. – Assistant principals, teachers, instructional personnel, instructional support personnel, and teacher assistants employed in a residential school.
- (4) Participating school. – A residential school that is required to participate in the ABC's Program.
- (4a) Residential school. – A school operated by the Department of Health and Human Services that provides residential services to students. For the purposes of this Part, "residential school" does not include a school operated pursuant to Article 9C of Chapter 115C.
- (5) Residential school personnel. – The individuals included in G.S. 143B-146.16(a)(2).
- (6) Schools. – The residential schools under the control of the Secretary.
- (7) Secretary. – The Secretary of Health and Human Services.
- (8) State Board. – The State Board of Education.
- ~~(9) Superintendent. – The Superintendent of the Office of Education Services of the Department of Health and Human Services."~~

SECTION 5. G.S. 143B-146.2(a) reads as rewritten:

"(a) ~~The Governor Morehead School and the schools for the deaf shall participate in the ABC's Program.~~ The Secretary, in consultation with the General Assembly and the State Board, may designate ~~other~~ residential schools that must participate in the ABC's Program. The primary goal of the ABC's Program is to improve student performance. The Program is based upon an accountability, recognition, assistance, and intervention process in order to hold each participating school, its principal, and the instructional personnel accountable for improved student performance in that school."

SECTION 6. G.S. 143B-146.8(f) reads as rewritten:

"(f) Evaluation of Principals. – Each year the Secretary ~~or the Superintendent~~ shall evaluate the principals."

SECTION 7. G.S. 143B-146.15 reads as rewritten:

"§ 143B-146.15. Duty to report certain acts to law enforcement.

When the principal has personal knowledge or actual notice from residential school personnel or other reliable source that an act has occurred on school property involving assault resulting in serious personal injury, sexual assault, sexual offense, rape, kidnapping, indecent liberties with a minor, assault involving the use of a weapon, possession of a firearm in violation of the law, possession of a weapon in violation of the law, or possession of a controlled substance in violation of the law, the principal shall immediately report the act to the appropriate local law enforcement agency. Failure to report under this section is a Class 3 misdemeanor. For purposes of this section, "school property" shall include any building, bus, campus, grounds, recreational area, or athletic field, in the charge of the principal or while the student is under the supervision of school personnel. It is the intent of the General Assembly that the principal notify the Secretary ~~or the Superintendent~~ of any report made to law enforcement under this section."

SECTION 8. G.S. 143B-146.21 reads as rewritten:

"§ 143B-146.21. Policies, reports, and other miscellaneous provisions.

(a) The Secretary of Health and Human Services shall consult with the State Board of Education in its implementation of this act as it pertains to improving the educational programs at the residential schools. The Secretary also shall fully inform and consult with the chairs of the Appropriations Subcommittees on Education and Health and Human Services of the Senate and the House of Representatives on a regular basis as the Secretary carries out his duties under this act.

~~(b) The Secretary of Health and Human Services shall adopt policies and offer training opportunities to ensure that personnel who provide direct services to children in the State schools for the deaf become proficient in sign language within two years of their initial date of employment or within two years of the effective date of this act, whichever occurs later. This subsection shall not apply to preschool personnel in any oral, auditory, or cued speech preschool.~~

(c) The Department of Public Instruction, the Board of Governors of The University of North Carolina, and the State Board of Community Colleges shall offer and communicate the availability of professional development ~~opportunities, including those to improve sign language skills, opportunities to the personnel assigned to the State's residential schools, particularly the Governor Morehead School and the schools for the deaf schools.~~

(d) The Secretary of Health and Human Services shall adopt policies to ensure that students of the residential schools are given priority to residing in the independent living facilities on each school's campus.

(e) The Secretary of Health and Human Services, in consultation with the Office of State Personnel, shall set the salary supplement paid to teachers, instructional support personnel, and school-based administrators who are employed in the programs operated by the Department of Health and Human Services and are licensed by the State Board of Education. The salary supplement shall be at least five percent (5%), but not more than the percentage supplement they would receive if they were employed in the local school administrative unit where the job site is located. These salary supplements shall not be paid to central office staff. Nothing in this subsection shall be construed to include "merit pay" under the term "salary supplement".

SECTION 9. Unless inconsistent with the provisions of Article 9C of Chapter 115C of the General Statutes, as enacted by Section 2 of this act, the rules adopted pursuant to former Part 9A or Part 30 of Article 3, or any other statutory provisions of Chapter 143B of the General Statutes, prior to amendment by this act, governing the Governor Morehead School, the North Carolina School for the Deaf, and the Eastern North Carolina School for the Deaf shall remain in effect until superseded by rules adopted under Article 9C of Chapter 115C of the General Statutes, as enacted by Section 2 of this act.

SECTION 10. Notwithstanding G.S. 143C-6-4, the Department of Public Instruction may reorganize, if necessary, staffing of the Governor Morehead School, the North Carolina School for the Deaf, and the Eastern North Carolina School for the Deaf to meet needed functions.

SECTION 11.(a) Notwithstanding Section 10.21A of S.L. 2010-31 and G.S. 115C-150.11, as enacted by this act, the Department of Health and Human Services shall continue to be responsible for the maintenance and repair of all buildings, grounds, and facilities of the Governor Morehead School and for providing utilities for the Governor Morehead School, provided that the Department of Health and Human Services may enter into a memorandum of understanding with the Department of Public Instruction for the Department of Public Instruction to assume any of those responsibilities.

SECTION 11.(b) Notwithstanding Section 10.21A of S.L. 2010-31 and G.S. 115C-150.11, as enacted by this act, the Department of Health and Human Services shall continue to be responsible for information technology support for Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, provided the Department of Health and Human Services may enter into a memorandum of understanding with the Department of Public Instruction for the Department of Public Instruction to assume any of those responsibilities.

SECTION 12.(a) The Department of Public Instruction shall study and develop recommendations on educational options, including residential services, for students with visual and hearing impairments. The Department of Public Instruction shall report its findings

and recommendations from the study to the Joint Legislative Education Oversight Committee on or before January 1, 2014.

SECTION 12.(b) Prior to the initial adoption of rules required by Section 2 of this act, the Department of Public Instruction and the State Board of Education shall present a draft of the proposed rules to the Joint Legislative Education Oversight Committee on or before January 1, 2014.

SECTION 13. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 24th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:35 a.m. this 3rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-369
HOUSE BILL 937**

AN ACT TO AMEND STATE FIREARMS LAWS.

The General Assembly of North Carolina enacts:

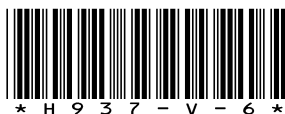
SECTION 1. G.S. 14-269 is amended by adding a new subsection to read:

"(a2) This prohibition does not apply to a person who has a concealed handgun permit issued in accordance with Article 54B of this Chapter, has a concealed handgun permit considered valid under G.S. 14-415.24, or is exempt from obtaining a permit pursuant to G.S. 14-415.25, provided the weapon is a handgun, is in a closed compartment or container within the person's locked vehicle, and the vehicle is in a parking area that is owned or leased by State government. A person may unlock the vehicle to enter or exit the vehicle, provided the handgun remains in the closed compartment at all times and the vehicle is locked immediately following the entrance or exit."

SECTION 2. G.S. 14-269.2 is amended by adding the following new subsections to read:

"(i) The provisions of this section shall not apply to an employee of an institution of higher education as defined in G.S. 116-143.1 or a nonpublic post-secondary educational institution who resides on the campus of the institution at which the person is employed when all of the following criteria are met:

- (1) The employee's residence is a detached, single-family dwelling in which only the employee and the employee's immediate family reside.
- (2) The institution is either:
 - a. An institution of higher education as defined by G.S. 116-143.1.
 - b. A nonpublic post-secondary educational institution that has not specifically prohibited the possession of a handgun pursuant to this subsection.
- (3) The weapon is a handgun.
- (4) The handgun is possessed in one of the following manners as appropriate:
 - a. If the employee has a concealed handgun permit that is valid under Article 54B of this Chapter, or who is exempt from obtaining a permit pursuant to that Article, the handgun may be on the premises of the employee's residence or in a closed compartment or container within the employee's locked vehicle that is located in a parking area of the educational property of the institution at which the person is employed and resides. Except for direct transfer between the residence and the vehicle, the handgun must remain at all times either on the premises of the employee's residence or in the closed compartment of the employee's locked vehicle. The employee may unlock the vehicle to enter or exit, but must lock the vehicle immediately following the entrance or exit if the handgun is in the vehicle.



b. If the employee is not authorized to carry a concealed handgun pursuant to Article 54B of this Chapter, the handgun may be on the premises of the employee's residence, and may only be in the employee's vehicle when the vehicle is occupied by the employee and the employee is immediately leaving the campus or is driving directly to their residence from off campus. The employee may possess the handgun on the employee's person outside the premises of the employee's residence when making a direct transfer of the handgun from the residence to the employee's vehicle when the employee is immediately leaving the campus or from the employee's vehicle to the residence when the employee is arriving at the residence from off campus.

(j) The provisions of this section shall not apply to an employee of a public or nonpublic school who resides on the campus of the school at which the person is employed when all of the following criteria are met:

(1) The employee's residence is a detached, single-family dwelling in which only the employee and the employee's immediate family reside.

(2) The school is either:

a. A public school which provides residential housing for enrolled students.

b. A nonpublic school which provides residential housing for enrolled students and has not specifically prohibited the possession of a handgun pursuant to this subsection.

(3) The weapon is a handgun.

(4) The handgun is possessed in one of the following manners as appropriate:

a. If the employee has a concealed handgun permit that is valid under Article 54B of this Chapter, or who is exempt from obtaining a permit pursuant to that Article, the handgun may be on the premises of the employee's residence or in a closed compartment or container within the employee's locked vehicle that is located in a parking area of the educational property of the school at which the person is employed and resides. Except for direct transfer between the residence and the vehicle, the handgun must remain at all times either on the premises of the employee's residence or in the closed compartment of the employee's locked vehicle. The employee may unlock the vehicle to enter or exit, but must lock the vehicle immediately following the entrance or exit if the handgun is in the vehicle.

b. If the employee is not authorized to carry a concealed handgun pursuant to Article 54B of this Chapter, the handgun may be on the premises of the employee's residence, and may only be in the employee's vehicle when the vehicle is occupied by the employee and the employee is immediately leaving the campus or is driving directly to their residence from off campus. The employee may possess the handgun on the employee's person outside the premises of the employee's residence when making a direct transfer of the handgun from the residence to the employee's vehicle when the employee is immediately leaving the campus or from the employee's vehicle to the residence when the employee is arriving at the residence from off campus.

(k) The provisions of this section shall not apply to a person who has a concealed handgun permit that is valid under Article 54B of this Chapter, or who is exempt from obtaining a permit pursuant to that Article, who has a handgun in a closed compartment or container within the person's locked vehicle or in a locked container securely affixed to the person's vehicle. A person may unlock the vehicle to enter or exit the vehicle provided the firearm remains in the closed compartment at all times and the vehicle is locked immediately following the entrance or exit."

SECTION 3. G.S. 14-269.3(b) reads as rewritten:

"(b) This section shall not apply to any of the following:

- (1) A person exempted from the provisions of ~~G.S. 14-269;~~ G.S. 14-269.
- (2) The owner or lessee of the premises or business ~~establishment;~~ establishment.
- (3) A person participating in the event, if ~~he the person~~ is carrying a gun, rifle, or pistol with the permission of the owner, lessee, or person or organization sponsoring the ~~event;~~ and event.
- (4) A person registered or hired as a security guard by the owner, lessee, or person or organization sponsoring the event.
- (5) A person carrying a handgun if the person has a valid concealed handgun permit issued in accordance with Article 54B of this Chapter, has a concealed handgun permit considered valid under G.S. 14-415.24, or is exempt from obtaining a permit pursuant to G.S. 14-415.25. This subdivision shall not be construed to permit a person to carry a handgun on any premises where the person in legal possession or control of the premises has posted a conspicuous notice prohibiting the carrying of a concealed handgun on the premises in accordance with G.S. 14-415.11(c)."

SECTION 4. G.S. 14-316 reads as rewritten:

"§ 14-316. Permitting young children to use dangerous firearms.

(a) It shall be unlawful for any ~~parent, guardian, or person standing in loco parentis;~~ person to knowingly permit ~~his a~~ child under the age of 12 years to have ~~the access to,~~ or possession, custody or use in any manner whatever, of any gun, pistol or other dangerous firearm, whether such weapon be loaded or unloaded, ~~except when such unless the person has the permission of the child's parent or guardian, and the child is under the supervision of the parent, guardian or person standing in loco parentis. It shall be unlawful for any other person to knowingly furnish such child any weapon enumerated herein an adult.~~ Any person violating the provisions of this section shall be guilty of a Class 2 misdemeanor.

(b) Air rifles, air pistols, and BB guns shall not be deemed "dangerous firearms" within the meaning of subsection (a) of this section except in the following counties: Anson, Caldwell, Caswell, Chowan, Cleveland, Cumberland, Durham, Forsyth, Gaston, Harnett, Haywood, Mecklenburg, Stanly, Stokes, Surry, Union, Vance."

SECTION 5. G.S. 15A-1340.16A reads as rewritten:

"§ 15A-1340.16A. Enhanced sentence if defendant is convicted of a Class A, B1, B2, C, D, or E felony and the defendant used, displayed, or threatened to use or display a firearm or deadly weapon during the commission of the felony.

(a), (b) Repealed by Session Laws 2003-378, s. 2, effective August 1, 2003.

(c) If a person is convicted of a ~~Class A, B1, B2, C, D, or E~~ felony and it is found as provided in this section that: (i) the person committed the felony by using, displaying, or threatening the use or display of a firearm or deadly weapon and (ii) the person actually possessed the firearm or deadly weapon about his or her person, then the person shall have the minimum term of imprisonment to which the person is sentenced for that felony increased ~~by 60 months. The maximum term of imprisonment shall be the maximum term that corresponds to the minimum term after it is increased by 60 months, as specified in G.S. 15A-1340.17(e) and (e1).~~ as follows:

- (1) If the felony is a Class A, B1, B2, C, D, or E felony, the minimum term of imprisonment to which the person is sentenced for that felony shall be increased by 72 months. The maximum term of imprisonment shall be the maximum term that corresponds to the minimum term after it is increased by 72 months, as specified in G.S. 15A-1340.17(e) and (e1).
- (2) If the felony is a Class F or G felony, the minimum term of imprisonment to which the person is sentenced for that felony shall be increased by 36 months. The maximum term of imprisonment shall be the maximum term that corresponds to the minimum term after it is increased by 36 months, as specified in G.S. 15A-1340.17(d).
- (3) If the felony is a Class H or I felony, the minimum term of imprisonment to which the person is sentenced for that felony shall be increased by 12 months. The maximum term of imprisonment shall be the maximum term that corresponds to the minimum term after it is increased by 12 months, as specified in G.S. 15A-1340.17(d).

(d) An indictment or information for the ~~Class A, B1, B2, C, D, or E~~-felony shall allege in that indictment or information the facts set out in subsection (c) of this section. The pleading is sufficient if it alleges that the defendant committed the felony by using, displaying, or threatening the use or display of a firearm or deadly weapon and the defendant actually possessed the firearm or deadly weapon about the defendant's person. One pleading is sufficient for all ~~Class A, B1, B2, C, D, or E~~-felonies that are tried at a single trial.

(e) The State shall prove the issues set out in subsection (c) of this section beyond a reasonable doubt during the same trial in which the defendant is tried for the felony unless the defendant pleads guilty or no contest to the issues. If the defendant pleads guilty or no contest to the felony but pleads not guilty to the issues set out in subsection (c) of this section, then a jury shall be impaneled to determine the issues.

(f) Subsection (c) of this section does not apply if the evidence of the use, display, or threatened use or display of the firearm or deadly weapon is needed to prove an element of the felony or if the person is not sentenced to an active term of imprisonment."

SECTION 6. G.S. 14-415.23 reads as rewritten:

"§ 14-415.23. Statewide uniformity.

(a) It is the intent of the General Assembly to prescribe a uniform system for the regulation of legally carrying a concealed handgun. To insure uniformity, no political subdivisions, boards, or agencies of the State nor any county, city, municipality, municipal corporation, town, township, village, nor any department or agency thereof, may enact ordinances, rules, or regulations concerning legally carrying a concealed handgun. A unit of local government may adopt an ordinance to permit the posting of a prohibition against carrying a concealed handgun, in accordance with G.S. 14-415.11(c), on local government buildings and their appurtenant premises.

(b) A unit of local government may adopt an ordinance to prohibit, by posting, the carrying of a concealed handgun on municipal and county recreational facilities that are specifically identified by the unit of local government. If a unit of local government adopts such an ordinance with regard to recreational facilities, then the concealed handgun permittee may, nevertheless, secure the handgun in a locked vehicle within the trunk, glove box, or other enclosed compartment or area within or on the motor vehicle.

(c) For purposes of this section, the term "recreational facilities" includes only the following: ~~a playground, an athletic field, a swimming pool, and an athletic facility.~~

- (1) An athletic field, including any appurtenant facilities such as restrooms, during an organized athletic event if the field had been scheduled for use with the municipality or county office responsible for operation of the park or recreational area.

- (2) A swimming pool, including any appurtenant facilities used for dressing, storage of personal items, or other uses relating to the swimming pool.
- (3) A facility used for athletic events, including, but not limited to, a gymnasium.

(d) For the purposes of this section, the term "recreational facilities" does not include any greenway, designated biking or walking path, an area that is customarily used as a walkway or bike path although not specifically designated for such use, open areas or fields where athletic events may occur unless the area qualifies as an "athletic field" pursuant to subdivision (1) of subsection (c) of this section, and any other area that is not specifically described in subsection (c) of this section."

SECTION 7. G.S. 122C-54(d1) reads as rewritten:

~~"(d1) After a judicial determination that an individual shall be involuntarily committed for either inpatient or outpatient mental health treatment pursuant to Article 5 of this Chapter, the clerk of superior court in the county where the judicial determination was made shall, as soon as practicable, cause a report of the commitment to be transmitted to the National Instant Criminal Background Check System (NICS). Reporting of an individual involuntarily committed to outpatient mental health treatment under this subsection shall only be reported if the individual is found to be a danger to self or others. The clerk shall also cause to be transmitted to NICS a record where an individual is found not guilty by reason of insanity or found mentally incompetent to proceed to criminal trial. The clerk, upon receipt of documentation that an affected individual has received a relief from disabilities pursuant to G.S. 122C-54.1 or any applicable federal law, shall cause the individual's record in NICS to be updated. Excluding Saturdays, Sundays, and holidays, not later than 48 hours after receiving notice of any of the following judicial determinations or findings, the clerk of superior court in the county where the determination or finding was made shall cause a record of the determination or finding to be transmitted to the National Instant Criminal Background Check System (NICS):~~

- ~~(1) A determination that an individual shall be involuntarily committed to a facility for inpatient mental health treatment upon a finding that the individual is mentally ill and a danger to self or others.~~
- ~~(2) A determination that an individual shall be involuntarily committed to a facility for outpatient mental health treatment upon a finding that the individual is mentally ill and, based on the individual's treatment history, in need of treatment in order to prevent further disability or deterioration that would predictably result in a danger to self or others.~~
- ~~(3) A determination that an individual shall be involuntarily committed to a facility for substance abuse treatment upon a finding that the individual is a substance abuser and a danger to self or others.~~
- ~~(4) A finding that an individual is not guilty by reason of insanity.~~
- ~~(5) A finding that an individual is mentally incompetent to proceed to criminal trial.~~
- ~~(6) A finding that an individual lacks the capacity to manage the individual's own affairs due to marked subnormal intelligence or mental illness, incompetency, condition, or disease.~~
- ~~(7) A determination to grant a petition to an individual for the removal of disabilities pursuant to G.S. 122C-54.1 or any applicable federal law.~~

~~The 48-hour period for transmitting a record of a judicial determination or finding to the NICS under this subsection begins upon receipt by the clerk of a copy of the judicial determination or finding."~~

SECTION 8. The last two sentences of G.S. 122C-54(d1) are recodified as G.S. 122C-54(d2) and read as rewritten:

"(d2) The record of involuntary commitment for inpatient or outpatient mental health treatment or for substance abuse treatment required by subsection (d1) of this section shall be accessible only by an entity having proper access to NICS and shall remain otherwise confidential as provided by this Article. The clerk shall effect the transmissions to NICS required by the subsection according to protocols which shall be established by the Administrative Office of the Courts. The Administrative Office of the Courts shall adopt rules to require clerks of court to transmit information to the NICS as required by subsection (d1) of this section in a uniform manner."

SECTION 9. G.S. 122C-54.1 reads as rewritten:

"§ 122C-54.1. Restoration process to remove mental commitment bar.

(a) Any individual over the age of 18 may petition for the removal of the ~~mental commitment bar to purchase, possess, or transfer a firearm when the individual no longer suffers from the condition that resulted in the individual's involuntary commitment for either inpatient or outpatient mental health treatment pursuant to Article 5 of this Chapter and no longer poses a danger to self or others for purposes of the purchase, possession, or transfer of firearms pursuant to 18 U.S.C. § 922, G.S. 14-404, and G.S. 14-415.12.~~ disabilities pursuant to 18 U.S.C. § 922(d)(4) and (g)(4), G.S. 14-415.3, and G.S. 14-415.12 arising out of a determination or finding required to be transmitted to the National Instant Criminal Background Check System by subdivisions (1) through (6) of subsection (d1) of G.S. 122C-54. The individual may file the petition with a district court judge upon the expiration of any current inpatient or outpatient commitment. ~~No individual who has been found not guilty by reason of insanity may petition a court for restoration under this section.~~

(b) The petition must be filed in the district court of the county where the respondent was the subject of the most recent judicial determination or finding that either inpatient or outpatient treatment was appropriate or in the district court of the county of the petitioner's residence. ~~An individual disqualified from firearms possession due to a comparable out-of-State mental commitment shall make application in the county of residence.~~ The clerk of court upon receipt of the petition shall schedule a hearing using the regularly scheduled commitment court time and provide notice of the hearing to the petitioner and the ~~district attorney.~~ attorney who represented the State in the underlying case, or that attorney's successor. Copies of the petition must be served on the director of the relevant inpatient and/or outpatient treatment facility, in-State or out-of-State, facility and the district attorney in the petitioner's current county of residence.

(c) The burden is on the petitioner to establish by a preponderance of the evidence that the petitioner ~~no longer suffers from the condition that resulted in commitment and no longer poses a danger to self or others for purposes of the purchase, possession, or transfer of firearms pursuant to 18 U.S.C. § 922, G.S. 14-404, and G.S. 14-415.12.~~ will not be likely to act in a manner dangerous to public safety and that the granting of the relief would not be contrary to the public interest. The district attorney shall present any and all relevant information to the contrary. For these purposes, the district attorney may access and use any and all mental health records, juvenile records, and criminal history of the petitioner wherever maintained. The applicant must sign a release for the district attorney to receive any mental health records of the applicant. This hearing shall be closed to the public, unless the court finds that the public interest would be better served by conducting the hearing in public. If the court determines the hearing should be open to the public, upon motion by the petitioner, the court may allow for the in camera inspection of any mental health records. The court may allow the use of the record but shall restrict it from public disclosure, unless it finds that the public interest would be better served by making the record public. The district court shall enter an order that the petitioner ~~does or does not continue to suffer from the condition that resulted in commitment and does or does not continue to pose a danger to self or others for purposes of the purchase, possession, or transfer of firearms pursuant to 18 U.S.C. § 922, G.S. 14-404, and G.S. 14-415.12.~~ is or is not

likely to act in a manner dangerous to public safety and that the granting of the relief would or would not be contrary to the public interest. The court shall include in its order the specific findings of fact on which it bases its decision. In making its determination, the court shall consider the circumstances regarding the firearm disabilities from which relief is sought, the petitioner's mental health and criminal history records, the petitioner's reputation, developed at a minimum through character witness statements, testimony, or other character evidence, and any changes in the petitioner's condition or circumstances since the original determination or finding relevant to the relief sought. The decision of the district court may be appealed to the superior court for a hearing de novo. After a denial by the superior court, the applicant must wait a minimum of one year before reapplying. Attorneys designated by the Attorney General shall be available to represent the State, or assist in the representation of the State, in a restoration proceeding when requested to do so by a district attorney and approved by the Attorney General. An attorney so designated shall have all the powers of the district attorney under this section.

(d) Upon a judicial determination to grant a petition under this section, the clerk of superior court in the county where the petition was granted shall forward the order to the National Instant Criminal Background Check System (NICS) for updating of the respondent's record."

SECTION 10. G.S. 14-415.3 is amended by adding a new subsection to read:

"(c) The provisions of this section shall not apply to a person whose rights have been restored pursuant to G.S. 122C-54.1."

SECTION 11. G.S. 14-415.12(c) reads as rewritten:

"(c) An applicant shall not be ineligible to receive a concealed carry permit under subdivision (6) of subsection (b) of this section because of an adjudication of mental incapacity or illness or an involuntary commitment to mental health services if the individual's rights have been restored under G.S. 122C-54.1."

SECTION 12. G.S. 14-415.17 reads as rewritten:

"§ 14-415.17. Permit; sheriff to retain and make available to law enforcement agencies a list of permittees; confidentiality of list and permit application information; availability to law enforcement agencies.

(a) The permit shall be in a certificate form, as prescribed by the Administrative Office of the Courts, that is approximately the size of a North Carolina drivers license. It shall bear the signature, name, address, date of birth, and the drivers license identification number used in applying for the permit.

(b) The sheriff shall maintain a listing, including the identifying information, of those persons who are issued a permit. ~~The permit information shall be available upon request to all State and local law enforcement agencies.~~ Within five days of the date a permit is issued, the sheriff shall send a copy of the permit to the State Bureau of Investigation. ~~The State Bureau of Investigation shall make this information available to law enforcement officers and clerks of court on a statewide system.~~

(c) Except as provided otherwise by this subsection, the list of permit holders and the information collected by the sheriff to process an application for a permit are confidential and are not a public record under G.S. 132-1. The sheriff shall make the list of permit holders and the permit information available upon request to all State and local law enforcement agencies. The State Bureau of Investigation shall make the list of permit holders and the information collected by the sheriff to process an application for a permit available to law enforcement officers and clerks of court on a statewide system."

SECTION 13. G.S. 14-406 reads as rewritten:

"§ 14-406. Dealer to keep record of sales; sales; confidentiality of records.

(a) Every dealer in pistols and other weapons mentioned in this Article shall keep an accurate record of all sales thereof, including the name, place of residence, date of sale, etc., of

each person, firm, or corporation to whom or which such sales are made, which record shall be open to the inspection of any duly constituted State, county or police officer, within this State-made. The records maintained by a dealer pursuant to this section are confidential and are not a public record under G.S. 132-1; provided, however, that the dealer shall make the records available upon request to all State and local law enforcement agencies.

(b) Repealed by Session Laws 2011-56, s. 3, effective April 28, 2011."

SECTION 14. G.S. 14-269.4 reads as rewritten:

"§ 14-269.4. Weapons on certain State property and in courthouses.

It shall be unlawful for any person to possess, or carry, whether openly or concealed, any deadly weapon, not used solely for instructional or officially sanctioned ceremonial purposes in the State Capitol Building, the Executive Mansion, the Western Residence of the Governor, or on the grounds of any of these buildings, and in any building housing any court of the General Court of Justice. If a court is housed in a building containing nonpublic uses in addition to the court, then this prohibition shall apply only to that portion of the building used for court purposes while the building is being used for court purposes.

This section shall not apply to any of the following:

...

- (6) A person with a permit issued in accordance with Article 54B of this Chapter ~~or Chapter~~, with a permit considered valid under G.S. 14-415.24 ~~G.S. 14-415.24~~, or who is exempt from obtaining a permit pursuant to G.S. 14-415.25, who has a firearm in a closed compartment or container within the person's locked vehicle or in a locked container securely affixed to the person's vehicle. A person may unlock the vehicle to enter or exit the vehicle provided the firearm remains in the closed compartment at all times and the vehicle is locked immediately following the entrance or exit.

Any person violating the provisions of this section shall be guilty of a Class 1 misdemeanor."

SECTION 15. G.S. 14-277.2 is amended by adding a new subsection to read:

"(d) The provisions of this section shall not apply to concealed carry of a handgun at a parade or funeral procession by a person with a valid permit issued in accordance with Article 54B of this Chapter, with a permit considered valid under G.S. 14-415.24, or who is exempt from obtaining a permit pursuant to G.S. 14-415.25. This subsection shall not be construed to permit a person to carry a concealed handgun on any premises where the person in legal possession or control of the premises has posted a conspicuous notice prohibiting the carrying of a concealed handgun on the premises in accordance with G.S. 14-415.11(c)."

SECTION 16. G.S. 14-415.21 reads as rewritten:

"§ 14-415.21. Violations of this Article punishable as an infraction.

(a) A person who has been issued a valid permit who is found to be carrying a concealed handgun without the permit in the person's possession or who fails to disclose to any law enforcement officer that the person holds a valid permit and is carrying a concealed handgun, as required by G.S. 14-415.11, shall be guilty of an infraction and shall be punished in accordance with G.S. 14-3.1. In lieu of paying a fine the person may surrender the permit.

(a1) A person who has been issued a valid permit who is found to be carrying a concealed handgun in violation of subdivision (c)(8) or subsection (c2) of G.S. 14-415.11 shall be guilty of a Class 1 misdemeanor.

(b) A person who violates the provisions of this Article other than as set forth in subsection (a) or (a1) of this section is guilty of a Class 2 misdemeanor."

SECTION 17.1. G.S. 14-403 reads as rewritten:

"§ 14-403. Permit issued by sheriff; form of permit; expiration of permit.

The sheriffs of any and all counties of this State shall issue to any person, firm, or corporation in any county a ~~license or~~ permit to purchase or receive any weapon mentioned in this Article from any person, firm, or corporation offering to sell or dispose of the weapon. The ~~license or~~ permit shall expire five years from the date of issuance. The ~~license or~~ permit shall be in the following form:

North Carolina,

_____ County.

I, _____, Sheriff of said County, do hereby certify that I have conducted a criminal background check of the applicant, _____ whose place of residence is _____ in _____ (or) in _____ Township, _____ County, North Carolina, and have received no information to indicate that it would be a violation of State or federal law for the applicant to purchase, transfer, receive, or possess a handgun. The applicant has further satisfied me as to his, her (or) their good moral character. Therefore, a ~~license or~~ permit is issued to _____ to purchase one pistol from any person, firm or corporation authorized to dispose of the same.

This ~~license or~~ permit expires five years from its date of issuance.

This ____ day of _____, _____.

Sheriff."

SECTION 17.2.(a) G.S. 14-404 reads as rewritten:

"§ 14-404. Issuance or refusal of permit; appeal from refusal; grounds for refusal; sheriff's fee.

(a) Upon application, the sheriff shall issue the ~~license or~~ permit to a resident of that county, unless the purpose of the permit is for collecting, in which case a sheriff can issue a permit to a nonresident, when the sheriff has done all of the following:

- (1) Verified, before the issuance of a permit, by a criminal history background investigation that it is not a violation of State or federal law for the applicant to purchase, transfer, receive, or possess a handgun. The sheriff shall determine the criminal and background history of any applicant by accessing computerized criminal history records as maintained by the State Bureau of Investigation and the Federal Bureau of Investigation, by conducting a national criminal history records check, by conducting a check through the National Instant Criminal Background Check System (NICS), and by conducting a criminal history check through the Administrative Office of the Courts.
- (2) Fully satisfied himself or herself by affidavits, oral evidence, or otherwise, as to the good moral character of the applicant.
- (3) Fully satisfied himself or herself that the applicant desires the possession of the weapon mentioned for (i) the protection of the home, business, person, family or property, (ii) target shooting, (iii) collecting, or (iv) hunting.

(b) If the sheriff is not fully satisfied, the sheriff may, for good cause shown, decline to issue the ~~license or~~ permit and shall provide to the applicant within seven days of the refusal a written statement of the reason(s) for the refusal. The statement shall cite the specific facts upon which the sheriff concluded that the applicant was not qualified for the issuance of a permit and list, by statute number, the applicable law upon which the denial is based. An appeal from the refusal shall lie by way of petition to the chief judge of the district court for the district in which the application was filed. The determination by the court, on appeal, shall be upon the facts, the law, and the reasonableness of the sheriff's refusal, and shall be final.

(b1) The sheriff shall keep a list of all permit denials, with the specific reasons for the denials noted. The list shall not include any information that would identify the applicant whose application was denied. The list, as described in this subsection, shall be a public record.

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and the sheriff shall make the list available upon request to any member of the public. The list shall be organized by the quarters of the year, showing the number of denials and the reasons in each three-month period, and the list shall only be released for past, completed quarters.

(c) A permit may not be issued to the following persons:

- (1) One who is under an indictment or information for or has been convicted in any state, or in any court of the United States, of a felony (other than an offense pertaining to antitrust violations, unfair trade practices, or restraints of trade). However, a person who has been convicted of a felony in a court of any state or in a court of the United States and (i) who is later pardoned, or (ii) whose firearms rights have been restored pursuant to G.S. 14-415.4, may obtain a permit, if the purchase or receipt of a pistol permitted in this Article does not violate a condition of the pardon or restoration of firearms rights.
- (2) One who is a fugitive from justice.
- (3) One who is an unlawful user of or addicted to marijuana or any depressant, stimulant, or narcotic drug (as defined in 21 U.S.C. § 802).
- (4) One who has been adjudicated mentally incompetent or has been committed to any mental institution.
- (5) One who is an alien illegally or unlawfully in the United States.
- (6) One who has been discharged from the Armed Forces of the United States under dishonorable conditions.
- (7) One who, having been a citizen of the United States, has renounced his or her citizenship.
- (8) One who is subject to a court order that:
 - a. Was issued after a hearing of which the person received actual notice, and at which the person had an opportunity to participate;
 - b. Restrains the person from harassing, stalking, or threatening an intimate partner of the person or child of the intimate partner of the person, or engaging in other conduct that would place an intimate partner in reasonable fear of bodily injury to the partner or child; and
 - c. Includes a finding that the person represents a credible threat to the physical safety of the intimate partner or child; or by its terms explicitly prohibits the use, attempted use, or threatened use of physical force against the intimate partner or child that would reasonably be expected to cause bodily injury.

(c1) Excluding Saturdays, Sundays, and holidays, not later than 48 hours after receiving notice of any of the judicial findings, court orders, or other factual matters, relevant to any of the disqualifying conditions specified in subsection (c) of this section, the clerk of superior court shall cause a record of the determination or finding to be transmitted to the National Instant Criminal Background Check System (NICS). The record shall include a reference to the relevant statutory provision of G.S. 14-404 that precludes the issuance of a permit. The 48-hour period for transmitting a record of a judicial determination or finding to the NICS under this subsection begins upon receipt by the clerk of a copy of the judicial determination or finding.

(d) Nothing in this Article shall apply to officers authorized by law to carry firearms if the officers identify themselves to the vendor or donor as being officers authorized by law to carry firearms and provide any of the following:

- (1) A letter signed by the officer's supervisor or superior officer stating that the officer is authorized by law to carry a firearm.
- (2) A current photographic identification card issued by the officer's employer.

- (3) A current photographic identification card issued by a State agency that identifies the individual as a law enforcement officer certified by the State of North Carolina.
- (4) A current identification card issued by the officer's employer and another form of current photographic identification.

(e) The sheriff shall charge for the sheriff's services upon issuing the ~~license or~~ permit a fee of five dollars (\$5.00). There shall be no limit as to the number or frequency of permit applications and no other costs or fees other than provided in this subsection shall be charged for the permit, including, but not limited to, any costs for investigation, processing, or medical background checks by the sheriff or others providing records to the sheriff.

(f) Each applicant for a license or permit shall be informed by the sheriff within ~~30~~ 14 days of the date of the application whether the license or permit will be granted or denied and, if granted, the license or permit shall be immediately issued to the applicant.

(g) An applicant shall not be ineligible to receive a permit under subdivision (c)(4) of this section because of involuntary commitment to mental health services if the individual's rights have been restored under G.S. 122C-54.1.

(h) The sheriff shall revoke any permit upon the occurrence of any event or condition subsequent to the issuance of the permit, or the applicant's subsequent inability to meet a requirement under this Article, which would have resulted in a denial of the application submitted to obtain the permit if the event, condition, or the applicant's current inability to meet a statutory requirement had existed at the time of the application and prior to the issuance of the permit. The following procedures apply to a revocation:

- (1) The sheriff shall provide written notice to the permittee, pursuant to the provisions of G.S. 1A-1, Rule 4(j), that the permit is revoked upon the service of the notice. The notice shall provide the permittee with information on the process to appeal the revocation.
- (2) Upon receipt of the written notice of revocation, the permittee shall surrender the permit to the sheriff. Any law enforcement officer serving the notice is authorized to take immediate possession of the permit from the permittee. If the notice is served by means other than by a law enforcement officer, the permittee shall surrender the permit to the sheriff no later than 48 hours after service of the notice.
- (3) The sheriff shall insure that the list of permits which have been revoked is immediately updated so that any potential transferor calling to check the validity of the permit will be informed of the revocation.
- (4) A permittee may appeal the revocation of a permit pursuant to this subsection by petitioning a district court judge of the district in which the permittee resides.
- (5) Any person who willfully fails to surrender a permit upon notice of revocation shall be guilty of a Class 2 misdemeanor."

SECTION 17.2.(b) The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety by October 1, 2013, on the progress towards implementation of the requirement in G.S. 14-404(c1), as enacted by subsection (a) of this section, and with any recommendation for legislation relating to that requirement.

SECTION 17.2.(c) G.S. 14-404(c1), as enacted by subsection (a) of this section, becomes effective July 1, 2014. The remainder of G.S. 14-404, as enacted by subsection (a) of this section, becomes effective October 1, 2013. The remainder of this section is effective when it becomes law.

SECTION 17.3. In order to ensure the validity of existing and unexpired permits, no later than January 31, 2014, the sheriff shall determine whether any of these permits are

subject to revocation pursuant to the standard set forth in G.S. 14-404(h). If a permit is subject to revocation, the sheriff shall immediately initiate the procedures set forth in G.S. 14-404(h)(1)-(3). No later than March 31, 2014, each sheriff shall submit a written report to the Joint Legislative Oversight Committee on Justice and Public Safety with the results of the review required by this section. The North Carolina Sheriffs' Association may compile the reports and submit a single report with the information from each county in lieu of each county submitting individual reports.

SECTION 17.4. G.S. 14-405 reads as rewritten:

"§ 14-405. Record of permits kept by ~~sheriff~~, sheriff; confidentiality of permit information.

(a) The sheriff shall keep a ~~book, to be provided by the board of commissioners of each county, in which he shall keep a record of all licenses or permits issued under this article, including the name, date, place of residence, age, former place of residence, etc., of each such person, firm, or corporation to whom or which a license or permit is issued.~~ The record shall include the date that a permit was revoked, the date that the permittee received notice of the revocation, whether the permit was surrendered, and the reason for the revocation.

(b) The records maintained by the sheriff pursuant to this section are confidential and are not a public record under G.S. 132-1; provided, however, that the sheriff shall make the records available upon request to any federal, State, and local law enforcement agencies and shall also make the records available to the court if the records are required to be released pursuant to a court order. Any application to a court for release of the list of permit holders and permit application information shall be by a petition to the chief judge of the district court for the district in which the person seeking the information resides."

SECTION 18. G.S. 14-315(b1)(1) reads as rewritten:

"(b1) Defense. – It shall be a defense to a violation of this section if all of the following conditions are met:

- (1) The person shows that the minor produced an apparently valid permit to receive the weapon, if such a permit would be required under G.S. 14-402 ~~or~~ G.S. 14-409.1 for transfer of the weapon to an adult."

SECTION 19. G.S. 20-187.2(a) reads as rewritten:

"(a) Surviving spouses, or in the event such members die unsurvived by a spouse, surviving children of members of North Carolina State, city and county law-enforcement agencies killed in the line of duty or who are members of such agencies at the time of their deaths, and retiring members of such agencies shall receive upon request and at no cost to them, the badge worn or carried by such deceased or retiring member. The governing body of a law-enforcement agency may, in its discretion, also award to a retiring member or surviving relatives as provided herein, upon request, the service side arm of such deceased or retiring members, at a price determined by such governing body, ~~upon securing a permit as required by G.S. 14-402 et seq. or 14-409.1 et seq., upon determining that the person receiving the weapon is not ineligible to own, possess, or receive a firearm under the provisions of State or federal law, or without such permit provided the weapon shall have~~ if the weapon has been rendered incapable of being fired. Governing body shall mean for county and local alcohol beverage control officers, the county or local board of alcoholic control; for all other law-enforcement officers with jurisdiction limited to a municipality or town, the city or town council; for all other law-enforcement officers with countywide jurisdiction, the board of county commissioners; for all State law-enforcement officers, the head of the department."

SECTION 20. G.S. 14-415.18 reads as rewritten:

"§ 14-415.18. Revocation or suspension of permit.

(a) The sheriff of the county where the permit was issued or the sheriff of the county where the person resides may revoke a permit subsequent to a hearing for any of the following reasons:

- (1) Fraud or intentional and material misrepresentation in the obtaining of a permit.
- (2) Misuse of a permit, including lending or giving a permit or a duplicate permit to another person, materially altering a permit, or using a permit with the intent to unlawfully cause harm to a person or property. It shall not be considered misuse of a permit to provide a duplicate of the permit to a vender for record-keeping purposes.
- (3) The doing of an act or existence of a condition which would have been grounds for the denial of the permit by the sheriff.
- (4) The violation of any of the terms of this Article.
- (5) ~~The applicant is adjudicated guilty of or receives a prayer for judgment continued for a crime which would have disqualified the applicant from initially receiving a permit.~~

A permittee may appeal the revocation, or nonrenewal of a permit by petitioning a district court judge of the district in which the applicant resides. The determination by the court, on appeal, shall be upon the facts, the law, and the reasonableness of the sheriff's refusal.

(a1) The sheriff of the county where the permit was issued or the sheriff of the county where the person resides shall revoke a permit of any permittee who is adjudicated guilty of or receives a prayer for judgment continued for a crime which would have disqualified the permittee from initially receiving a permit. Upon determining that a permit should be revoked pursuant to this subsection, the sheriff shall provide written notice to the permittee, pursuant to the provisions of G.S. 1A-1, Rule 4(j), that the permit is revoked upon the service of the notice. The notice shall provide the permittee with information on the process to appeal the revocation.

Upon receipt of the written notice of revocation, the permittee shall surrender the permit to the sheriff. Any law enforcement officer serving the notice is authorized to take immediate possession of the permit from the permittee. If the notice is served by means other than by a law enforcement officer, the permittee shall surrender the permit to the sheriff no later than 48 hours after service of the notice.

A permittee may appeal the revocation of a permit pursuant to this subsection by petitioning a district court judge of the district in which the permittee resides. The determination by the court, on appeal, shall be limited to whether the permittee was adjudicated guilty of or received a prayer for judgment continued for a crime which would have disqualified the permittee from initially receiving a permit. Revocation of the permit is not stayed pending appeal.

(b) The court may suspend a permit as part of and for the duration of any orders permitted under Chapter 50B of the General Statutes."

SECTION 21. G.S. 14-269(b) is amended by adding the following new subdivisions to read:

"(4d) Any person who is a North Carolina district court judge, North Carolina superior court judge, or a North Carolina magistrate and who has a concealed handgun permit issued in accordance with Article 54B of this Chapter or considered valid under G.S. 14-415.24; provided that the person shall not carry a concealed weapon at any time while consuming alcohol or an unlawful controlled substance or while alcohol or an unlawful controlled substance remains in the person's body. The judge or magistrate shall secure the weapon in a locked compartment when the weapon is not on the person of the judge or magistrate;

(4e) Any person who is serving as a clerk of court or as a register of deeds and who has a concealed handgun permit issued in accordance with Article 54B of this Chapter or considered valid under G.S. 14-415.24; provided that the person shall not carry a concealed weapon at any time while consuming alcohol or an unlawful controlled substance or while alcohol or an unlawful

controlled substance remains in the person's body. The clerk of court or register of deeds shall secure the weapon in a locked compartment when the weapon is not on the person of the clerk of court or register of deeds. This subdivision does not apply to assistants, deputies, or other employees of the clerk of court or register of deeds;"

SECTION 22. G.S. 14-415.27 reads as rewritten:

"§ 14-415.27. Expanded permit scope for ~~district attorneys, assistant district attorneys, and investigators employed by office of the district attorney~~certain persons.

Notwithstanding G.S. 14-415.11(c), any ~~person who is a district attorney, an assistant district attorney, or an investigator employed by the office of a district attorney and of the following persons~~ who has a concealed handgun permit issued pursuant to this Article or that is considered valid under G.S. 14-415.24 is not subject to the area prohibitions set out in G.S. 14-415.11(c) and may carry a concealed handgun in the areas listed in G.S. 14-415.11(c) unless otherwise prohibited by federal ~~law~~law:

- (1) A district attorney.
- (2) An assistant district attorney.
- (3) An investigator employed by the office of a district attorney.
- (4) A North Carolina district or superior court judge.
- (5) A magistrate.
- (6) A person who is elected and serving as a clerk of court.
- (7) A person who is elected and serving as a register of deeds."

SECTION 23. G.S. 113-291.1(c) reads as rewritten:

"(c) It is a Class 1 misdemeanor for any person taking wildlife to have in ~~his~~the person's possession any:

- (1) ~~Firearm equipped with a silencer or any device designed to silence, muffle, or minimize the report of the firearm. The firearm is considered equipped with the silencer or device whether it is attached to the firearm or separate but reasonably accessible for attachment during the taking of the wildlife.~~
- (2) Weapon of mass death and destruction as defined in G.S. 14-288.8. G.S. 14-288.8, other than a suppressor or other device designed to muffle or minimize the report of a firearm that is lawfully possessed by a person in compliance with 26 U.S.C. Chapter 53 §§ 5801-5871.

The Wildlife Resources Commission may prohibit individuals training dogs or taking particular species from carrying axes, saws, tree-climbing equipment, and other implements that may facilitate the unlawful taking of wildlife, except tree-climbing equipment may be carried and used by persons lawfully taking raccoons and opossums during open season."

SECTION 24. G.S. 14-415.10 reads as rewritten:

"§ 14-415.10. Definitions.

The following definitions apply to this Article:

- ...
- (4a) Qualified retired law enforcement officer. – An individual who meets the definition of "qualified retired law enforcement officer" contained in section 926C of Title 18 of the United States Code.~~all of the following qualifications:~~
 - a. ~~Retired in good standing from service with a public agency located in the United States as a law enforcement officer, other than for reasons of mental instability.~~
 - b. ~~Prior to retirement, was authorized by law to engage in or supervise the prevention, detection, investigation, or prosecution of, or the~~

~~incarceration of, any person for any violation of law, and had statutory powers of arrest.~~

- ~~e. Prior to retirement, was regularly employed as a law enforcement officer for a total of 15 years or more, or retired after completing probationary periods of service due to a service connected disability, as determined by the agency.~~
- ~~d. Has a vested right to benefits under the retirement plan of the agency.~~

...."

SECTION 25. G.S. 14-269(b) reads as rewritten:

"(b) This prohibition shall not apply to the following persons:

...

(4b) Any person who is a qualified retired law enforcement officer as defined in G.S. 14-415.10 and meets all any one of the following conditions:

- ~~a. Is a qualified retired law enforcement officer as defined in G.S. 14-415.10.~~
- ~~b.a.~~ Is the holder of a concealed handgun permit in accordance with Article 54B of this Chapter.
- b. Is exempt from obtaining a permit pursuant to G.S. 14-415.25.
- c. Is certified by the North Carolina Criminal Justice Education and Training Standards Commission pursuant to G.S. 14-415.26;

...."

SECTION 26. Chapter 14 of the General Statutes is amended by adding a new Article to read:

"Article 3D.

"Armed Habitual Felon.

"§ 14-7.35. Definitions.

The following definitions apply in this Article:

- (1) "Convicted." – The person has been adjudged guilty of or has entered a plea of guilty or no contest to the firearm-related felony.
- (2) "Firearm-related felony." – Any felony committed by a person in which the person used or displayed a firearm while committing the felony.
- (3) "Status offender." – A person who is an armed habitual felon as described in G.S. 14-7.36.

"§ 14-7.36. Armed habitual felon.

Any person who has been convicted of or pled guilty to one or more prior firearm-related felony offenses in any federal court or state court in the United States, or combination thereof, is guilty of the status offense of armed habitual felon and may be charged with that status offense pursuant to this Article.

This Article does not apply to a second firearm-related felony unless it is committed after the conviction of a firearm-related felony in which evidence of the person's use, display, or threatened use or display of a firearm was needed to prove an element of the felony or was needed to establish the requirement for an enhanced or aggravated sentence. For purposes of this Article, firearm-related felonies committed before the person is 18 years of age shall not constitute more than one firearm-related felony. Any firearm-related felony to which a pardon has been extended shall not, for the purposes of this Article, constitute a firearm-related felony.

"§ 14-7.37. Punishment.

When any person is charged with a firearm-related felony and is also charged with being a status offender, the person must, upon conviction, be sentenced and punished as a status offender as provided by this Article.

"§ 14-7.38. Charge of status offense as an armed habitual felon.

(a) The district attorney, in the district attorney's discretion, may charge a person as a status offender pursuant to this Article. To sustain a conviction of a person as a status offender, the person must be charged separately for the principal firearm-related felony and for the status offense of armed habitual felon. The indictment charging the defendant as a status offender shall be separate from the indictment charging the person with the principal firearm-related felony.

(b) An indictment that charges a person with being a status offender must set forth all of the following information regarding the prior firearm-related felony:

(1) The date the offense was committed.

(2) The name of the state or other sovereign against whom the offense was committed.

(3) The dates that the plea of guilty was entered into or conviction returned in the offense.

(4) The identity of the court in which the plea or conviction took place.

(c) No defendant charged with being a status offender in a bill of indictment shall be required to go to trial on the charge within 20 days of the finding of a true bill by the grand jury; provided, the defendant may waive this 20-day period.

"§ 14-7.39. Evidence of prior convictions of firearm-related felonies.

In all cases in which a person is charged under the provisions of this Article with being a status offender, the record of prior conviction of the firearm-related felony shall be admissible in evidence, but only for the purpose of proving that the person has been convicted of a former firearm-related felony. A prior conviction may be proved by stipulation of the parties or by the original or a certified copy of the court record of the prior conviction. The original or certified copy of the court record, bearing the same name as that by which the defendant is charged, shall be prima facie evidence that the defendant named therein is the same as the defendant before the court and shall be prima facie evidence of the facts set out therein.

"§ 14-7.40. Verdict and judgment.

(a) When an indictment charges a person with a firearm-related felony as provided by this Article and an indictment also charges that the person is a status offender, the defendant shall be tried for the principal firearm-related felony as provided by law. The indictment that the person is a status offender shall not be revealed to the jury unless the jury shall find that the defendant is guilty of the principal firearm-related felony with which the defendant is charged.

(b) If the jury finds the defendant guilty of the principal firearm-related felony, and it is found as provided in this section that (i) the person committed the felony by using, displaying, or threatening the use or display of a firearm or deadly weapon and (ii) the person actually possessed the firearm or deadly weapon about his or her person, the bill of indictment charging the defendant as a status offender may be presented to the same jury. Except that the same jury may be used, the proceedings shall be as if the issue of status offender were a principal charge.

(c) If the jury finds that the defendant is a status offender, the trial judge shall enter judgment according to the provisions of this Article. If the jury finds that the defendant is not a status offender, the trial judge shall pronounce judgment on the principal firearm-related felony offense as provided by law.

"§ 14-7.41. Sentencing of armed habitual felon.

(a) A person who is convicted of a firearm-related felony and is also convicted of the status offense must, upon conviction or plea of guilty under indictment as provided in this Article, be sentenced as a Class C felon (except where the felon has been sentenced as a Class A, B1, or B2 felon). However, in no case shall the person receive a minimum term of imprisonment of less than 120 months. The court may not suspend the sentence and may not place the person sentenced on probation.

(b) In determining the prior record level, any conviction used to establish a person's status as an armed habitual felon shall not be used. Sentences imposed under this Article shall

run consecutively with and shall commence at the expiration of any sentence being served by the person sentenced under this section.

(c) A conviction as a status offender under this Article shall not constitute commission of a felony for the purpose of either Article 2A or Article 2B of Chapter 14 of the General Statutes.

(d) A sentence imposed under this Article may not be enhanced pursuant to G.S. 15A-1340.16A."

SECTION 27. Article 86 Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-1382.2. Sentencing court to include in judgment whether firearm was used.

When a person is found guilty of a felony offense, the presiding judge shall determine whether the defendant used or displayed a firearm while committing the felony. If the judge determines that the defendant used or displayed a firearm while committing the felony, the sentencing court shall include that fact when entering the judgment that imposes the sentence for the felony conviction."

SECTION 28. Sections 1 through 6, 14 through 16, 18, 21, 23, 25, and 26 of this act become effective October 1, 2013, and apply to offenses committed on or after that date. Section 17.3 and this section are effective when they become law. Section 27 of this act becomes effective October 1, 2013, and applies to any judgment entered for a felony conviction on or after that date. Except as otherwise provided in this act, the remainder of this act becomes effective October 1, 2013. Prosecutions for offenses committed before the effective date of this act are not abated or affected by this act, and the statutes that would be applicable but for this act remain applicable to those prosecutions.

In the General Assembly read three times and ratified this the 24th day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:25 p.m. this 29th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-316
HOUSE BILL 998**

**AN ACT TO SIMPLIFY THE NORTH CAROLINA TAX STRUCTURE AND TO REDUCE
INDIVIDUAL AND BUSINESS TAX RATES.**

The General Assembly of North Carolina enacts:

PART I. INDIVIDUAL INCOME TAX CHANGES

SECTION 1.1.(a) The following statutes are recodified as indicated:

<u>Current Statute</u>	<u>Recodified Statute</u>
G.S. 105-133	G.S. 105-153.1
G.S. 105-134	G.S. 105-153.2
G.S. 105-134.1	G.S. 105-153.3
G.S. 105-134.5	G.S. 105-153.4
G.S. 105-151	G.S. 105-153.9
G.S. 105-151.24	G.S. 105-153.10
G.S. 105-152	G.S. 105-153.8

SECTION 1.1.(b) The following statutes are repealed:

G.S. 105-134.2
G.S. 105-134.3
G.S. 105-134.6
G.S. 105-134.7
G.S. 105-134.8
G.S. 105-151.1
G.S. 105-151.11
G.S. 105-151.12
G.S. 105-151.13
G.S. 105-151.14
G.S. 105-151.18
G.S. 105-151.20
G.S. 105-151.21
G.S. 105-151.25
G.S. 105-151.26
G.S. 105-151.33

SECTION 1.1.(c) G.S. 105-134.1, recodified by this Part as G.S. 105-153.3, reads as rewritten:

"§ 105-153.3. Definitions.

The following definitions apply in this Part:

- (1) Adjusted gross income. – Defined in section 62 of the Code.
- ~~(1a)~~(2) Code. – Defined in G.S. 105-228.90.
- ~~(2)~~(3) Department. – The Department of Revenue.
- ~~(3)~~(4) Educational institution. – An educational institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are carried on.
- ~~(4)~~(5) Fiscal year. – Defined in section 441(e) of the Code.
- ~~(5)~~(6) Gross income. – Defined in section 61 of the Code.
- ~~(6)~~(7) Head of household. – Defined in section 2(b) of the Code.
- ~~(7)~~(8) Individual. – A human being.



- (7a)(9) Limited liability company. – Either a domestic limited liability company organized under Chapter 57C of the General Statutes or a foreign limited liability company authorized by that Chapter to transact business in this State that is classified for federal income tax purposes as a partnership. As applied to a limited liability company that is a partnership under this Part, the term "partner" means a member of the limited liability company.
- (7b) ~~Repealed by Session Laws 1998-98, s. 9, effective August 14, 1998.~~
- (8)(10) Married individual. – An individual who is married and is considered married as provided in section 7703 of the Code.
- (9)(11) Nonresident individual. – An individual who is not a resident of this State.
- (10)(12) North Carolina taxable income. – Defined in G.S. 105-134.5; G.S. 105-153.5.
- (10a)(13) Partnership. – A domestic partnership, a foreign partnership, or a limited liability company.
- (11)(14) Person. – Defined in G.S. 105-228.90.
- (12)(15) Resident. – An individual who is domiciled in this State at any time during the taxable year or who resides in this State during the taxable year for other than a temporary or transitory purpose. In the absence of convincing proof to the contrary, an individual who is present within the State for more than 183 days during the taxable year is presumed to be a resident, but the absence of an individual from the state for more than 183 days raises no presumption that the individual is not a resident. A resident who removes from the State during a taxable year is considered a resident until he has both established a definite domicile elsewhere and abandoned any domicile in this State. The fact of marriage does not raise any presumption as to domicile or residence.
- (13) Retirement benefits. – ~~Amounts paid to a former employee or the beneficiary of a former employee under a written retirement plan established by the employer to provide payments to an employee or the beneficiary of an employee after the end of the employee's employment with the employer where the right to receive the payments is based upon the employment relationship. With respect to a self-employed individual or the beneficiary of a self-employed individual, the term means amounts paid to the individual or beneficiary of the individual under a written retirement plan established by the individual to provide payments to the individual or the beneficiary of the individual after the end of the self-employment. In addition, the term includes amounts received from an individual retirement account described in section 408 of the Code or from an individual retirement annuity described in section 408 of the Code. For the purpose of this subdivision, the term "employee" includes a volunteer worker.~~
- (14)(16) S Corporation. – Defined in G.S. 105-131(b).
- (15)(17) Secretary. – The Secretary of Revenue.
- (16) ~~Repealed by Session Laws 2011-145, s. 31A.1(a), effective for taxable years beginning on or after January 1, 2012.~~
- (17)(18) Taxable year. – Defined in section 441(b) of the Code.
- (18)(19) Taxpayer. – An individual subject to the tax imposed by this Part.
- (19)(20) This State. – The State of North Carolina."

SECTION 1.1.(d) Part 2 of Article 4 of Chapter 105 of the General Statutes is amended by adding the following new sections to read:

"§ 105-153.5. Modifications to adjusted gross income.

(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. In the case of a married couple filing separate returns, a taxpayer may not deduct the standard deduction amount if the taxpayer or the taxpayer's spouse claims the itemized deductions amount.

- (1) Standard deduction amount. – An amount equal to the amount listed in the table below based on the taxpayer's filing status:

<u>Married, filing jointly</u>	<u>\$15,000</u>
<u>Head of Household</u>	<u>12,000</u>
<u>Single</u>	<u>7,500</u>
<u>Married, filing separately</u>	<u>7,500.</u>

(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code.

a. The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year.

b. The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount claimed by the taxpayer as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars (\$20,000).

(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

(1) Interest upon the obligations of any of the following:

a. The United States or its possessions.

b. This State, a political subdivision of this State, or a commission, an authority, or another agency of this State or of a political subdivision of this State.

c. A nonprofit educational institution organized or chartered under the laws of this State.

(2) Gain from the disposition of obligations issued before July 1, 1995, to the extent the gain is exempt from tax under the laws of this State.

(3) Benefits received under Title II of the Social Security Act and amounts received from retirement annuities or pensions paid under the provisions of the Railroad Retirement Act of 1937.

(4) Refunds of State, local, and foreign income taxes included in the taxpayer's gross income.

(5) The amount received during the taxable year from one or more State, local, or federal government retirement plans to the extent the amount is exempt from tax under this Part pursuant to a court order in settlement of any of the following cases:

a. Bailey v. State, 92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS 8230.

b. Emory v. State, 98 CVS 0738.

c. Patton v. State, 95 CVS 04346.

(6) Income that meets both of the following requirements:

a. Is earned or received by an enrolled member of a federally recognized Indian tribe.

b. Is derived from activities on a federally recognized Indian reservation while the member resides on the reservation. Income from intangibles having a situs on the reservation and retirement income associated with activities on the reservation are considered income derived from activities on the reservation.

(7) The amount by which the basis of property under this Article exceeds the basis of the property under the Code, in the year the taxpayer disposes of the property.

(8) The amount allowed as a deduction under G.S. 105-153.6 as a result of an add-back for federal accelerated depreciation and expensing.

(c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

- (1) Interest upon the obligations of states other than this State, political subdivisions of those states, and agencies of those states and their political subdivisions.
- (2) The amount by which a shareholder's share of S Corporation income is reduced under section 1366(f)(2) of the Code for the taxable year by the amount of built-in gains tax imposed on the S Corporation under section 1374 of the Code.
- (3) The amount by which the basis of property under the Code exceeds the basis of the property under this Article, in the year the taxpayer disposes of the property.
- (4) The amount excluded from gross income under section 199 of the Code.
- (5) The amount required to be added under G.S. 105-153.6 when the State decouples from federal accelerated depreciation and expensing.

(d) S Corporations. – Each shareholder's pro rata share of an S Corporation's income is subject to the adjustments provided in this section and in G.S. 105-153.6.

"§ 105-153.6. Adjustments when State decouples from federal accelerated depreciation and expensing.

(a) Special Accelerated Depreciation. – A taxpayer who takes a special accelerated depreciation deduction for that property under section 168(k) or 168(n) of the Code must add to the taxpayer's federal taxable income or adjusted gross income, as appropriate, eighty-five percent (85%) of the amount taken for that year under those Code provisions. For taxable years before 2012, the taxpayer must add the amount to the taxpayer's federal taxable income. For taxable year 2012 and after, the taxpayer must add the amount to the taxpayer's adjusted gross income. A taxpayer is allowed to deduct twenty percent (20%) of the add-back in each of the first five taxable years following the year the taxpayer is required to include the add-back in income.

(b) 2009 Depreciation Exception. – A taxpayer who placed property in service during the 2009 taxable year and whose North Carolina taxable income for the 2009 taxable year reflected a special accelerated depreciation deduction allowed for the property under section 168(k) of the Code must add eighty-five percent (85%) of the amount of the special accelerated depreciation deduction to its federal taxable income for the 2010 taxable year. A taxpayer is allowed to deduct this add-back under subsection (a) of this section as if it were for property placed in service in 2010.

(c) Section 179 Expense. – For purposes of this subdivision, the definition of section 179 property has the same meaning as under section 179 of the Code as of January 2, 2013. A taxpayer who places section 179 property in service during a taxable year listed in the table below must add to the taxpayer's federal taxable income or adjusted gross income, as appropriate, eighty-five percent (85%) of the amount by which the taxpayer's expense deduction under section 179 of the Code exceeds the dollar and investment limitation listed in the table below for that taxable year. For taxable years before 2012, the taxpayer must add the amount to the taxpayer's federal taxable income. For taxable year 2012 and after, the taxpayer must add the amount to the taxpayer's adjusted gross income.

A taxpayer is allowed to deduct twenty percent (20%) of the add-back in each of the first five taxable years following the year the taxpayer is required to include the add-back in income.

<u>Taxable Year of 85% Add-Back</u>	<u>Dollar Limitation</u>	<u>Investment Limitation</u>
2010	\$250,000	\$800,000
2011	\$250,000	\$800,000
2012	\$250,000	\$800,000
2013	\$25,000	\$125,000

(d) Asset Basis. – The adjustments made in this section do not result in a difference in basis of the affected assets for State and federal income tax purposes.

"§ 105-153.7. Individual income tax imposed.

(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is five and eight-tenths percent (5.8%) of the taxpayer's North Carolina taxable income.

(b) Withholding Tables. – The Secretary may provide tables that compute the amount of tax due for a taxable year under this Part. The tables do not apply to an individual who files a

return under section 443(a)(1) of the Code for a period of less than 12 months due to a change in the individual's annual accounting period or to an estate or trust."

SECTION 1.1.(e) G.S. 105-151.24(a), recodified by this section as G.S. 105-153.10(a), reads as rewritten:

"(a) Credit. – ~~An individual~~ A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year and whose adjusted gross income (AGI), as calculated under the Code, is less than the amount listed below is allowed a credit against the tax imposed by this Part in an amount equal to one hundred dollars (\$100.00) for each dependent child for whom the individual taxpayer is allowed the federal credit for the taxable year credit. The amount of credit allowed under this section for the taxable year is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:

<u>Filing Status</u>	<u>AGI</u>	<u>Credit Amount</u>
Married, filing jointly	Up to \$40,000	\$125.00
Head of Household	Over \$40,000	
Single	Up to \$100,000	\$100.00
Married, filing separately	Over \$100,000	0
	Up to \$32,000	\$125.00
	Over \$32,000	
	Up to \$80,000	\$100.00
	Over \$80,000	0
	Up to \$20,000	\$125.00
	Over \$20,000	
	Up to \$50,000	\$100.00
	Over \$50,000	0
	Up to \$20,000	\$125.00
	Over \$20,000	
	Up to \$50,000	\$100.00
	Over \$50,000	0."

SECTION 1.1.(f) This section is effective for taxable years beginning on or after January 1, 2014.

SECTION 1.2.(a) G.S. 105-153.7(a), as enacted by Section 1.1 of this Part, reads as rewritten:

"(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. The tax is five and eight tenths percent (5.8%) ~~seventy-five hundredths percent (5.75%)~~ of the taxpayer's North Carolina taxable income."

SECTION 1.2.(b) This section is effective for taxable years beginning on or after January 1, 2015.

SECTION 1.3.(a) G.S. 105-131.2(a) reads as rewritten:

"(a) Adjustment. – Each shareholder's pro rata share of an S Corporation's income is subject to the adjustments provided in ~~G.S. 105-134.6~~ G.S. 105-153.5 and G.S. 105-153.6."

SECTION 1.3.(b) G.S. 105-131.7(c) reads as rewritten:

"(c) An S Corporation shall file with the Department, on a form prescribed by the Secretary, the agreement of each nonresident shareholder of the corporation (i) to file a return and make timely payment of all taxes imposed by this State on the shareholder with respect to the income of the S Corporation, and (ii) to be subject to personal jurisdiction in this State for purposes of the collection of any unpaid income tax, together with related interest and penalties, owed by the nonresident shareholder. If the corporation fails to timely file an agreement required by this subsection on behalf of any of its nonresident shareholders, then the corporation shall at the time specified in subsection (d) of this section pay to the Department ~~477~~ on

behalf of each nonresident shareholder with respect to whom an agreement has not been timely filed an estimated amount of the tax due the State. The estimated amount of tax due the State shall be computed at the ~~rates levied in G.S. 105-134.2(a)(3)~~ rate levied in G.S. 105-153.7 on the shareholder's pro rata share of the S Corporation's income attributable to the State reflected on the corporation's return for the taxable period. An S Corporation may recover a payment made pursuant to the preceding sentence from the shareholder on whose behalf the payment was made."

SECTION 1.3.(c) G.S. 105-134.5, recodified by this Part as G.S. 105-153.4, reads as rewritten:

"§ 105-153.4. North Carolina taxable income defined.

(a) Residents. – For an individual who is a resident of this State, the term "North Carolina taxable income" means the taxpayer's adjusted gross income as modified in ~~G.S. 105-134.6~~, G.S. 105-153.5 and G.S. 105-153.6.

(b) Nonresidents. – For a nonresident individual, the term "North Carolina taxable income" means the taxpayer's adjusted gross income as modified in ~~G.S. 105-134.6~~, G.S. 105-153.5 and G.S. 105-153.6, multiplied by a fraction the denominator of which is the taxpayer's gross income as modified in ~~G.S. 105-134.6~~, G.S. 105-153.5 and G.S. 105-153.6, and the numerator of which is the amount of that gross income, as modified, that is derived from North Carolina sources and is attributable to the ownership of any interest in real or tangible personal property in this State, is derived from a business, trade, profession, or occupation carried on in this State, or is derived from gambling activities in this State.

(c) Part-year Residents. – If an individual was a resident of this State for only part of the taxable year, having moved into or removed from the State during the year, the term "North Carolina taxable income" has the same meaning as in subsection (b) of this section except that the numerator includes gross income, as modified under ~~G.S. 105-134.6~~, G.S. 105-153.5 and G.S. 105-153.6, derived from all sources during the period the individual was a resident.

...."

SECTION 1.3.(d) G.S. 105-152 and G.S. 105-151, recodified by this Part as G.S. 105-153.8 and G.S. 105-153.9, read as rewritten:

"§ 105-153.8. Income tax returns.

(a) Who Must File. – The following individuals ~~shall~~ must file with the Secretary an income tax return under affirmation:

- (1) Every resident required to file an income tax return for the taxable year under the ~~Code and every Code~~.
- (2) Every nonresident individual who ~~(i) derived~~ meets all of the following requirements:
 - a. Receives during the taxable year gross income that is derived from North Carolina sources during the taxable year and is attributable to the ownership of any interest in real or tangible personal property in this State or State, is derived from a business, trade, profession, or occupation carried on in this State and (ii) is State, or is derived from gambling activities in this State.
 - b. Is required to file an income tax return for the taxable year under the Code.
- (2) ~~Repealed by Session Laws 1991 (Reg. Sess., 1992), c. 930, s. 1.~~
- (3) Any individual whom the Secretary believes to be liable for a tax under this Part, when so notified by the Secretary and requested to file a return.

(b) Taxpayer Deceased or Unable to Make Return. – ~~If the a taxpayer is unable to file the an income tax return, the return shall be filed by a duly authorized agent of the taxpayer or by a guardian or other person charged with the care of the person or property of the taxpayer. taxpayer must file the return. If an individual who was required to file an income tax return for the taxable year while living has died before making the return, the administrator or executor of the estate shall must file the return in the decedent's name and behalf, and the tax shall be levied upon and collected from is payable by the estate.~~

(c) Information Required With Return. – The income tax return ~~shall~~ must show the ~~taxable income and adjustments~~ adjusted gross income and modifications required by this Part Part, and any other information the Secretary requires. The Secretary may require some or all individuals required to file an income tax return to attach to the return a copy of their federal

Department with copies of any other return the taxpayer has filed with the Internal Revenue Service and to verify any information in the return.

(d) Secretary May Require Additional Information. – When the Secretary has reason to believe that any taxpayer conducts a trade or business in a way that directly or indirectly distorts the taxpayer's ~~taxable income~~adjusted gross income or North Carolina taxable income, the Secretary may require any additional information for the proper computation of the taxpayer's ~~taxable income~~adjusted gross income and North Carolina taxable income. In computing the taxpayer's ~~taxable income~~adjusted gross income and North Carolina taxable income, the Secretary ~~shall~~must consider the fair profit that would normally arise from the conduct of the trade or business.

(e) Joint Returns. – A husband and wife whose ~~federal taxable income~~adjusted gross income is determined on a joint federal return ~~shall~~must file a single income tax return jointly if each spouse either is a resident of this State or has North Carolina taxable income and may file a single income tax return jointly if one spouse is not a resident and has no North Carolina taxable income. Except as otherwise provided in this Part, a wife and husband filing jointly are treated as one taxpayer for the purpose of determining the tax imposed by this Part. A husband and wife filing jointly are jointly and severally liable for the tax imposed by this Part reduced by the sum of all credits allowable including tax payments made by or on behalf of the husband and wife. However, if a spouse qualifies for relief of liability for federal tax attributable to a substantial understatement by the other spouse pursuant to section 6015 of the Code, that spouse is not liable for the corresponding tax imposed by this Part attributable to the same substantial understatement by the other spouse. A wife and husband filing jointly have expressly agreed that if the amount of the payments made by them with respect to the taxes for which they are liable, including withheld and estimated taxes, exceeds the total of the taxes due, refund of the excess may be made payable to both spouses jointly or, if either is deceased, to the survivor alone.

(f) ~~Repealed by Session Laws 1991.~~

"§ 105-153.9. Tax credits for income taxes paid to other states by individuals.

(a) An individual who is a resident of this State is allowed a credit against the taxes imposed by this Part for income taxes imposed by and paid to another state or country on income taxed under this Part, subject to the following conditions:

- (1) The credit is allowed only for taxes paid to another state or country on income that is derived from sources within that state or country that and is taxed under its laws irrespective of the residence or domicile of the recipient, except that whenever a taxpayer who is ~~deemed to be considered~~ a resident of this State under ~~the provisions of this Part is deemed also to be considered~~ a resident of another state or country under the laws of that state or country, the Secretary may allow a credit against the taxes imposed by this Part for taxes imposed by and paid to the other state or country on income taxed under this Part.
- (2) The fraction of the gross income, as ~~calculated under the Code and adjusted as provided in G.S. 105-134.6 and G.S. 105-134.7, modified as provided in G.S. 105-153.5 and G.S. 105-153.6,~~ that is subject to income tax in another state or country shall be ascertained, and the North Carolina net income tax before credit under this section shall be multiplied by that fraction. The credit allowed is either the product thus calculated or the income tax actually paid the other state or country, whichever is smaller.
- (3) Receipts showing the payment of income taxes to another state or country and a true copy of a return or returns upon the basis of which the taxes are assessed shall be filed with the Secretary when the credit is claimed. If credit is claimed on account of a deficiency assessment, a true copy of the notice assessing or proposing to assess the deficiency, as well as a receipt showing the payment of the deficiency, shall be filed.

(b) If any taxes paid to another state or country for which a taxpayer has been allowed a credit under this section are at any time credited or refunded to the taxpayer, a tax equal to that portion of the credit allowed for the taxes so credited or refunded is due and payable from the taxpayer and is subject to the penalties and interest provided in Subchapter I of this Chapter."

SECTION 1.3.(e) G.S. 105-154(d) reads as rewritten:

"(d) Payment of Tax on Behalf of Nonresident Owner or Partner. – If a business conducted in this State is owned by a nonresident individual or by a partnership having one or more nonresident members, the manager of the business shall report the earnings of the business in this State, the distributive share of the income of each nonresident owner or partner, and any other information required by the Secretary. The manager of the business shall pay with the return the tax on each nonresident owner or partner's share of the income computed at the rate levied on individuals under ~~G.S. 105-134.2(a)(3)~~. G.S. 105-153.7. The business may deduct the payment for each nonresident owner or partner from the owner or partner's distributive share of the profits of the business in this State. If the nonresident partner is not an individual and the partner has executed an affirmation that the partner will pay the tax with its corporate, partnership, trust, or estate income tax return, the manager of the business is not required to pay the tax on the partner's share. In this case, the manager shall include a copy of the affirmation with the report required by this subsection."

SECTION 1.3.(f) G.S. 105-160.3(b) reads as rewritten:

"(b) ~~The following credits are not allowed to an estate or trust:~~ The tax credits allowed under G.S. 105-153.9 and G.S. 105-153.10 may not be claimed by an estate or trust.

- (1) ~~G.S. 105-151. Tax credits for income taxes paid to other states by individuals.~~
- (2) ~~G.S. 105-151.11. Credit for child care and certain employment-related expenses.~~
- (3) ~~G.S. 105-151.18. Credit for the disabled.~~
- (4) ~~G.S. 105-151.24. Credit for children.~~
- (5) ~~G.S. 105-151.26. Credit for charitable contributions by nonitemizers.~~
- (7) ~~G.S. 105-151.28. Credit for long-term care insurance.~~
- (8) ~~G.S. 105-151.30. Credit for recycling oyster shells.~~
- (9) ~~G.S. 105-151.31. Earned income tax credit.~~
- (10) ~~G.S. 105-151.32. Credit for adoption expenses.~~
- (11) ~~G.S. 105-151.33. Education expenses credit."~~

SECTION 1.3.(g) G.S. 105-163.2B reads as rewritten:

"§ 105-163.2B. North Carolina State Lottery Commission must withhold taxes.

The North Carolina State Lottery Commission, established by Chapter 18C of the General Statutes, must deduct and withhold State income taxes from the payment of winnings in an amount of six hundred dollars (\$600.00) or more. The amount of taxes to be withheld is ~~seven percent (7%)~~ a percentage of the winnings. The percentage is the individual income tax rate in G.S. 105-153.7. The Commission must file a return, pay the withheld taxes, and report the amount withheld in the time and manner required under G.S. 105-163.6 as if the winnings were wages. The taxes the Commission withholds are held in trust for the Secretary."

SECTION 1.3.(h) This section is effective for taxable years beginning on or after January 1, 2014.

PART II. CORPORATE INCOME TAX CHANGES

SECTION 2.1.(a) G.S. 105-130.3 reads as rewritten:

"§ 105-130.3. Corporations.

A tax is imposed on the State net income of every C Corporation doing business in this ~~State.~~ State at the rate of six percent (6%). An S Corporation is not subject to the tax levied in this section. ~~The tax is a percentage of the taxpayer's State net income computed as follows:~~

Income Years Beginning Tax	
In 1997	7.5%
In 1998	7.25%
In 1999	7%
After 1999	6.9%."

SECTION 2.1.(b) The following statutes are repealed:

- G.S. 105-130.22
- G.S. 105-130.34
- G.S. 105-130.36
- G.S. 105-130.37
- G.S. 105-130.39
- G.S. 105-130.43
- G.S. 105-130.44

SECTION 2.1.(c) This section is effective for taxable years beginning on or after January 1, 2014.

SECTION 2.2.(a) G.S. 105-130.3, as amended by this section, reads as rewritten:
"§ 105-130.3. Corporations.

A tax is imposed on the State net income of every C Corporation doing business in this State at the rate of ~~six percent (6%)~~ five percent (5%). An S Corporation is not subject to the tax levied in this section."

SECTION 2.2.(b) Part 1 of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-130.3A. Rate reduction trigger.

If the amount of net General Fund tax collected in fiscal year 2014-2015 or fiscal year 2015-2016 exceeds the anticipated General Fund tax collections for that fiscal year, the rate of tax set in G.S. 105-130.3 may be decreased in accordance with this section effective for the taxable year that begins on the following January 1. The amount of net General Fund tax collected for a fiscal year is the amount reported by the State Controller in the State's Comprehensive Annual Financial Report, required to be prepared under G.S. 143B-426.39. The Secretary must monitor the net General Fund tax collections and notify taxpayers if the rate decreases under this section. The rate is decreased by one percent (1%) if net General Fund tax collections for fiscal year 2014-2015 exceed twenty billion two hundred million dollars (\$20,200,000,000). The rate is decreased by one percent (1%) if net General Fund tax collections for fiscal year 2015-2016 exceed twenty billion nine hundred seventy-five million dollars (\$20,975,000,000). Effective for taxable years beginning on or after January 1, 2017, the rate of tax set in G.S. 105-130.3 is the rate determined in accordance with this section."

SECTION 2.2.(c) Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2015. The remainder of this section is effective when it becomes law.

SECTION 2.3.(a) The title of Article 3F of Chapter 105 of the General Statutes reads as rewritten:

"Article 3F.

Technology Research and Development."

SECTION 2.3.(b) G.S. 105-129.50(4a) and G.S. 105-129.56 are repealed.

SECTION 2.3.(c) G.S. 105-129.51(b) reads as rewritten:

"(b) This Article is repealed for taxable years beginning on or after ~~January 1, 2014~~ January 1, 2016."

SECTION 2.3.(d) G.S. 105-129.54(1) reads as rewritten:

"§ 105-129.54. Report.

The Department must include in the economic incentives report required by G.S. 105-256 the following information itemized by credit and by taxpayer:

- (1) ~~The number of taxpayers that took a credit allowed in this Article. The credit allowed under G.S. 105-129.55 must be Article, itemized by the categories of small business, low-tier, university research, Eco-Industrial Park, and other. The credit allowed under G.S. 105-129.56 must be itemized by the categories of higher education collaboration and other.~~

...."

SECTION 2.3.(e) This section is effective for taxable years beginning on or after January 1, 2014.

SECTION 2.4.(a) G.S. 115C-546.1 reads as rewritten:
"§ 115C-546.1. Creation of Fund; administration.

(a) There is created the Public School Building Capital Fund. The Fund shall be used to assist county governments in meeting their public school building capital needs and their equipment needs under their local school technology plans.

(b) ~~Each calendar quarter, the Secretary of Revenue shall remit to the State Treasurer for credit to the Public School Building Capital Fund an amount equal to the applicable fraction provided in the table below of the net collections received during the previous quarter by the Department of Revenue under G.S. 105-130.3. All funds deposited in the Public School Building Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3.~~

Period	Fraction
10/1/97 to 9/30/98	One-fifteenth (1/15)
10/1/98 to 9/30/99	Two-twenty-ninths (2/29)

~~10/1/99 to 9/30/00~~

~~One-fourteenth (1/14)~~

~~After 9/30/00~~

~~Five sixty-ninths (5/69)~~

- (c) The Fund shall be administered by the Department of Public Instruction."

SECTION 2.4.(b) G.S. 115C-546.2(a) is repealed.

SECTION 2.4.(c) This section is effective when it becomes law.

PART III. SALES TAX CHANGES

SECTION 3.1.(a) G.S. 105-164.4(a) reads as rewritten:

"(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and three-quarters percent (4.75%).

...

- (1a) The ~~general rate of two percent (2%)~~ applies to the sales price of each manufactured home sold at retail, including all accessories attached to the manufactured home when it is delivered to the purchaser. ~~The maximum tax is three hundred dollars (\$300.00) per article. Each section of a manufactured home that is transported separately to the site where it is to be erected is a separate article.~~

...

- (8) The ~~general rate of two and one-half percent (2.5%)~~ applies to the sales price of each modular home sold at retail, including all accessories attached to the modular home when it is delivered to the purchaser. The sale of a modular home to a modular homebuilder is considered a retail sale. A person who sells a modular home at retail is allowed a credit against the tax imposed by this subdivision for sales or use tax paid to another state on tangible personal property incorporated in the modular home. The retail sale of a modular home occurs when a modular home manufacturer sells a modular home to a modular homebuilder or directly to the end user of the modular home."

SECTION 3.1.(b) G.S. 105-164.44G is repealed.

SECTION 3.1.(c) G.S. 105-467(a) reads as rewritten:

"(a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax at the rate of one percent (1%) of the following:

- (1) A retailer's net taxable sales and gross receipts that are subject to the general rate of sales tax imposed by the State under ~~G.S. 105-164.4~~ G.S. 105-164.4 except the tax does not apply to the sales price of a manufactured home or a modular home.
- (2) through (4) Repealed by Session Laws 2011-330, s. 45, effective June 27, 2011.
- (5) The sales price of food that is not otherwise exempt from tax pursuant to G.S. 105-164.13 but is exempt from the State sales and use tax pursuant to G.S. 105-164.13B.
- (5a) The sales price of a bundled transaction that includes food subject to tax under subdivision (5) of this subsection, if the price of the food exceeds ten percent (10%) of the price of the bundle. A retailer must determine the price of food in a bundled transaction in accordance with G.S. 105-164.4D.
- (5b) The sales price of bread, rolls, and buns that are sold at a bakery thrift store and are exempt from State tax under G.S. 105-164.13(27a).
- (6), (7) Repealed by Session Laws 2011-330, s. 45, effective June 27, 2011."

SECTION 3.1.(d) This section becomes effective January 1, 2014, and applies to sales made on or after that date.

SECTION 3.2.(a) G.S. 105-164.13(13c), (27), and (28) are repealed.

SECTION 3.2.(b) G.S. 105-164.13(26) reads as rewritten:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

...

- (26) Food sold not for profit by ~~public or private school cafeterias~~ a nonpublic or public school, including a charter school and a regional school, within the school buildings-building during the regular school day.

...."

SECTION 3.2.(c) G.S. 105-164.15A reads as rewritten:

"§ 105-164.15A. Effective date of tax ~~changes on services and items taxed at combined general rate changes.~~

(a) ~~Services.~~ General Rate Items. – The effective date of a tax change for a ~~service~~ tangible personal property, digital property, or services taxable under this Article is administered as follows:

- (1) For a ~~service~~ taxable item that is provided and billed on a monthly or other periodic basis:
 - a. A new tax or a tax rate increase applies to the first billing period that is at least 30 days after enactment and that starts on or after the effective date.
 - b. A tax repeal or a tax rate decrease applies to bills rendered on or after the effective date.
- (2) For a ~~service~~ taxable item that is not billed on a monthly or other periodic basis, a tax change applies to amounts received for ~~services~~ items provided on or after the effective date, except amounts received for ~~services~~ items provided under a lump-sum or unit-price contract entered into or awarded before the effective date or entered into or awarded pursuant to a bid made before the effective date.

(b) Combined Rate Items. – The effective date of a rate change for an item that is taxable under this Article at the combined general rate is the effective date of any of the following:

- (1) The effective date of a change in the State general rate of tax set in G.S. 105-164.4.
- (2) For an increase in the authorization for local sales and use taxes, the date on which local sales and use taxes authorized by Subchapter VIII of this Chapter for every county become effective in the first county or group of counties to levy the authorized taxes.
- (3) For a repeal in the authorization for local sales and use taxes, the effective date of the repeal."

SECTION 3.2.(d) This section becomes effective January 1, 2014, and applies to sales made on or after that date.

SECTION 3.3.(a) Part 3 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.13E. Exemption for farmers.

The following tangible personal property, digital property, and services are exempt from sales and use tax if purchased by a qualifying farmer and for use by the farmer in the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals. A qualifying farmer is a farmer who has an annual gross income of ten thousand dollars (\$10,000) or more from farming operations for the preceding calendar year and includes a dairy operator, a poultry farmer, an egg producer, a livestock farmer, a farmer of crops, and a farmer of an aquatic species, as defined in G.S. 106-758.

- (1) Fuel and electricity that is measured by a separate meter or another separate device and used for a purpose other than preparing food, heating dwellings, and other household purposes.
- (2) Commercial fertilizer, lime, land plaster, plastic mulch, plant bed covers, potting soil, baler twine, and seeds.
- (3) Farm machinery, attachment and repair parts for farm machinery, and lubricants applied to farm machinery. The term "machinery" includes implements that have moving parts or are operated or drawn by an animal. The term does not include implements operated wholly by hand or motor vehicles required to be registered under Chapter 20 of the General Statutes.
- (4) A container used in the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals or used in packaging and transporting the farmer's product for sale.

- (5) A grain, feed, or soybean storage facility and parts and accessories attached to the facility.
- (6) Any of the following substances when purchased for use on animals or plants, as appropriate, held or produced for commercial purposes. This exemption does not apply to any equipment or devices used to administer, release, apply, or otherwise dispense these substances:
 - a. Remedies, vaccines, medications, litter materials, and feeds for animals.
 - b. Rodenticides, insecticides, herbicides, fungicides, and pesticides.
 - c. Defoliants for use on cotton or other crops.
 - d. Plant growth inhibitors, regulators, or stimulants, including systemic and contact or other sucker control agents for tobacco and other crops.
 - e. Semen.
- (7) Baby chicks and poults sold for commercial poultry or egg production.
- (8) Any of the following items concerning the housing, raising, or feeding of animals:
 - a. A commercially manufactured facility to be used for commercial purposes for housing, raising, or feeding animals or for housing equipment necessary for these commercial activities. The exemption also applies to commercially manufactured equipment, and parts and accessories for the equipment, used in the facility.
 - b. Building materials, supplies, fixtures, and equipment that become a part of and are used in the construction, repair, or improvement of an enclosure or a structure specifically designed, constructed, and used for housing, raising, or feeding animals or for housing equipment necessary for one of these commercial activities. The refund also applies to commercially manufactured equipment, and parts and accessories for the equipment, used in the enclosure or a structure.
- (9) A bulk tobacco barn or rack, parts and accessories attached to the tobacco barn or rack, and any similar apparatus, part, or accessory used to cure or dry tobacco or another crop."

SECTION 3.3.(b) G.S. 105-164.13(1), (1a), (1b), (2a), (4a), (4c), and (4d) are repealed.

SECTION 3.3.(c) This section becomes effective July 1, 2014, and applies to sales made on or after that date.

SECTION 3.4.(a) G.S. 105-164.13(27a), 105-164.13C, and 105-164.13D are repealed.

SECTION 3.4.(b) G.S. 105-164.14(b) reads as rewritten:

"(b) Nonprofit Entities and Hospital Drugs. – A nonprofit entity is allowed a semiannual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity, telecommunications service, and ancillary service, for use in carrying on the work of the nonprofit entity. Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the first six months of a calendar year is due the following October 15; a request for a refund for the second six months of a calendar year is due the following April 15. The aggregate annual refund amount allowed an entity under this subsection for a fiscal year may not exceed thirty-one million seven hundred thousand dollars (\$31,700,000).

The refunds allowed under this subsection do not apply to an entity that is owned and controlled by the United States or to an entity that is owned or controlled by the State and is not listed in this subsection. A hospital that is not listed in this subsection is allowed a semiannual refund of sales and use taxes paid by it on medicines and drugs purchased for use in carrying out its work. The following nonprofit entities are allowed a refund under this subsection:

- (1) Hospitals not operated for profit, including hospitals and medical accommodations operated by an authority or other public hospital described in Article 2 of Chapter 131E of the General Statutes.
- (2) An organization that is exempt from income tax under section 501(c)(3) of the Code, other than an organization that is properly classified in any of the following major group areas of the National Taxonomy of Exempt Entities:
 - a. Community Improvement and Capacity Building.
 - b. Public and Societal Benefit.
 - c. Mutual and Membership Benefit.
- (2a) An organization that is exempt from income tax under the Code and is one of the following:
 - a. A volunteer fire department.
 - b. A volunteer emergency medical services squad.
- (3) Repealed by Session Laws 2008-107, s. 28.22(a), effective July 1, 2008, and applicable to purchases made on or after that date.
- (4) Qualified retirement facilities whose property is excluded from property tax under G.S. 105-278.6A.
- (5) A university affiliated nonprofit organization that procures, designs, constructs, or provides facilities to, or for use by, a constituent institution of The University of North Carolina. For purposes of this subdivision, a nonprofit organization includes an entity exempt from taxation as a disregarded entity of the nonprofit organization."

SECTION 3.4.(c) G.S. 105-467(b) reads as rewritten:

"(b) Exemptions and Refunds. – The State exemptions and exclusions contained in ~~G.S. 105-164.13, the State sales and use tax holidays contained in G.S. 105-164.13C and G.S. 105-164.13D, and the State refund provisions contained in G.S. 105-164.14 through G.S. 105-164.14B~~ G.S. 105-164.13 apply to the local sales and use tax authorized to be levied and imposed under this Article. The State refund provisions contained in G.S. 105-164.14 through G.S. 105-164.14B apply to the local sales and use tax authorized to be levied and imposed under this Article. Except The aggregate annual local refund amount allowed an entity under G.S. 105-164.14(b) for a fiscal year may not exceed thirteen million three hundred thousand dollars (\$13,300,000).

Except as provided in this subsection, a taxing county may not allow an exemption, exclusion, or refund that is not allowed under the State sales and use tax. A local school administrative unit and a joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity, telecommunications service, and ancillary service. Sales and use tax liability indirectly incurred by the entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the entity and is being erected, altered, or repaired for use by the entity is considered a sales or use tax liability incurred on direct purchases by the entity for the purpose of this subsection. ~~A request for a refund shall be in writing and shall include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the entity's fiscal year, in the same time and manner as provided in G.S. 105-164.14. Refunds applied for more than three years after the due date are barred."~~

SECTION 3.4.(d) G.S. 105-467(a), as amended by this Part, reads as rewritten:

"(a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax at the rate of one percent (1%) of the following:

- (1) A retailer's net taxable sales and gross receipts that are subject to the general rate of sales tax imposed by the State under G.S. 105-164.4 except the tax does not apply to the sales price of a manufactured home or a modular home.
- (2) through (4) Repealed by Session Laws 2011-330, s. 45, effective June 27, 2011.
- (5) The sales price of food that is not otherwise exempt from tax pursuant to G.S. 105-164.13 but is exempt from the State sales and use tax pursuant to G.S. 105-164.13B.

(5a) The sales price of a bundled transaction that includes food subject to tax under subdivision (5) of this subsection, if the price of the food exceeds ten percent (10%) of the price of the bundle. A retailer must determine the price of food in a bundled transaction in accordance with G.S. 105-164.4D.

~~(5b) The sales price of bread, rolls, and buns that are sold at a bakery thrift store and are exempt from State tax under G.S. 105-164.13(27a).~~

~~(6), (7) Repealed by Session Laws 2011-330, s. 45, effective June 27, 2011."~~

SECTION 3.4.(e) This section becomes effective July 1, 2014, and applies to purchases made on or after that date.

SECTION 3.5.(a) G.S. 105-164.14A(a) reads as rewritten:

"(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

(1) Passenger air carrier. – An interstate passenger air carrier is allowed a refund of the sales and use tax paid by it on fuel in excess of two million five hundred thousand dollars (\$2,500,000). The amount of sales and use tax paid does not include a refund allowed to the interstate passenger air carrier under G.S. 105-164.14(a). This subdivision is repealed for purchases made on or after ~~January 1, 2014.~~January 1, 2016.

...
(4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after ~~January 1, 2014.~~January 1, 2016.

(5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after ~~January 1, 2014.~~January 1, 2016.

...."

SECTION 3.5.(b) This section is effective when it becomes law.

PART IV. ELECTRICITY AND PIPED NATURAL GAS TAX CHANGES

SECTION 4.1.(a) G.S. 105-116, 105-116.1, 105-164.21A, and 159B-27(b), (c), (d), and (e) are repealed.

SECTION 4.1.(b) G.S. 105-130.6A(a)(4) reads as rewritten:

"(a) Definitions. – The provisions of G.S. 105-130.6 govern the determination of whether a corporation is a subsidiary or an affiliate of another corporation. In addition, the following definitions apply in this section:

...
(4) Electric power holding company. – A holding company with an affiliate or a subsidiary that is engaged in the business of producing electric power~~subject to the franchise tax on electric power companies levied in G.S. 105-116.~~

...."

SECTION 4.1.(c) G.S. 105-164.4(a)(1f) and (a)(4a) are repealed.

SECTION 4.1.(d) G.S. 105-164.13(44) and Article 5E of Chapter 105 of the General Statutes are repealed.

SECTION 4.1.(e) G.S. 105-164.4(a) is amended by adding a new subdivision to read:

"(9) The combined general rate applies to the gross receipts derived from sales of electricity and piped natural gas."

SECTION 4.1.(f) This section becomes effective July 1, 2014, and applies to gross receipts billed on or after that date.

SECTION 4.2.(a) Pursuant to G.S. 62-31 and G.S. 62-32, the Utilities Commission must adjust the rate set for the following utilities:

- (1) Electricity to reflect the repeal of G.S. 105-116 and the resulting liability of electric power companies for the tax imposed under G.S. 105-122 and for the increase in the rate of tax imposed on sales of electricity under G.S. 105-164.4.
- (2) Piped natural gas to reflect the repeal of Article 5E of Chapter 105 of the General Statutes, the repeal of the credit formerly allowed under G.S. 105-122(d1), and the resulting liability of companies for the tax imposed on sales of piped natural gas under G.S. 105-164.4.

SECTION 4.2.(b) This section is effective when it becomes law.

SECTION 4.3.(a) Part 8 of Article 5 of Chapter 105 of the General Statutes is amended by adding two new sections to read:

"§ 105-164.44K. Distribution of part of tax on electricity to cities.

(a) Distribution. – The Secretary must distribute to cities forty-four percent (44%) of the net proceeds of the tax collected under G.S. 105-164.4 on electricity, less the cost to the Department of administering the distribution. Each city's share of the amount to be distributed is its franchise tax share calculated under subsection (b) of this section plus its ad valorem share calculated under subsection (c) of this section. If the net proceeds of the tax allocated under this section are not sufficient to distribute the franchise tax share of each city under subsection (b) of this section, the proceeds shall be distributed to each city on a pro rata basis. The Secretary must make the distribution within 75 days after the end of each quarter.

(b) Franchise Tax Share. – The quarterly franchise tax share of a city is the total amount of electricity gross receipts franchise tax distributed to the city under repealed G.S. 105-116.1 for the same related quarter that was the last quarter in which taxes were imposed on electric power companies under repealed G.S. 105-116. The quarterly franchise tax share of a city includes adjustments made for the hold-harmless amounts under repealed G.S. 105-116. If the franchise tax share of a city, including the hold-harmless adjustments, is less than zero, then the amount is zero. The determination made by the Department with respect to a city's franchise tax share is final and is not subject to administrative or judicial review.

The franchise tax share of a city that has dissolved, merged with another city, or divided into two or more cities since it received a distribution under repealed G.S. 105-116.1 is adjusted as follows:

- (1) If a city dissolves and is no longer incorporated, the franchise tax share of the city is added to the amount distributed under subsection (c) of this section.
- (2) If two or more cities merge or otherwise consolidate, their franchise tax shares are combined.
- (3) If a city divides into two or more cities, the franchise tax share of the city that divides is allocated among the new cities in proportion to the total amount of ad valorem taxes levied by each on property having a tax situs in the city.

(c) Ad Valorem Share. – The ad valorem share of a city is its proportionate share of the amount that remains for distribution after determining each city's franchise tax share under subsection (b) of this section. The prohibitions in G.S. 105-472(d) on the receipt of funds by a city apply to the distribution under this subsection.

A city's proportionate share is the amount of ad valorem taxes it levies on property having a tax situs in the city compared to the ad valorem taxes levied by all cities on property having a tax situs in the cities. The ad valorem method set out in G.S. 105-472(b)(2) applies in determining the share of a city under this subsection based on ad valorem taxes, except that the amount of ad valorem taxes levied by a city does not include ad valorem taxes levied on behalf of a taxing district and collected by the city.

(d) Nature. – The General Assembly finds that the revenue distributed under this section is local revenue, not a State expenditure, for the purpose of Section 5(3) of Article III of the North Carolina Constitution. The Governor may not reduce or withhold the distribution.

"§ 105-164.44L. Distribution of part of tax on piped natural gas to cities.

(a) Distribution. – The Secretary must distribute to cities twenty percent (20%) of the net proceeds of the tax collected under G.S. 105-164.4 on piped natural gas, less the cost to the Department of administering the distribution. Each city's share of the amount to be distributed is its excise tax share calculated under subsection (b) of this section plus its ad valorem share calculated under subsection (c) of this section. If the net proceeds of the tax allocated under this section are not sufficient to distribute the excise tax share of each city under subsection (b) of this section, the proceeds shall be distributed to each city on a pro rata basis. The Secretary must make the distribution within 75 days after the end of each quarter.

(b) Excise Tax Share. – The quarterly excise tax share of a city that is not a gas city is the amount of piped natural gas excise tax distributed to the city under repealed G.S. 105-187.44 for the same related quarter that was the last quarter in which taxes were imposed on piped natural gas under repealed Article 5E of this Chapter. The Secretary must determine the excise tax share of a gas city and divide that amount by four to calculate the quarterly distribution amount for a gas city. The excise tax share of a gas city is the amount the gas city would have received under repealed G.S. 105-187.44 for the last year in which taxes were imposed under repealed Article 5E of this Chapter if piped natural gas consumed by the city or delivered by the city to a customer had not been exempt from tax under repealed G.S. 105-187.41(c)(1) and (c)(2). A gas city must report the information required by the Secretary to make the distribution under this section in the form, manner, and time required by the Secretary. For purposes of this subsection, the term "gas city" has the same meaning as defined in repealed G.S. 105-187.40. The determination made by the Department with respect to a city's excise tax share is final and is not subject to administrative or judicial review.

The excise tax share of a city that has dissolved, merged with another city, or divided into two or more cities since it received a distribution under repealed G.S. 105-187.44 is adjusted as follows:

- (1) If a city dissolves and is no longer incorporated, the excise tax share of the city is added to the amount distributed under subsection (c) of this section.
- (2) If two or more cities merge or otherwise consolidate, their excise tax shares are combined.
- (3) If a city divides into two or more cities, the excise tax share of the city that divides is allocated among the new cities in proportion to the total amount of ad valorem taxes levied by each on property having a tax situs in the city.

(c) Ad Valorem Share. – The ad valorem share of a city is its proportionate share of the amount that remains for distribution after determining each city's excise tax share under subsection (b) of this section. The prohibitions in G.S. 105-472(d) on the receipt of funds by a city apply to the distribution under this subsection.

A city's proportionate share is the amount of ad valorem taxes it levies on property having a tax situs in the city compared to the ad valorem taxes levied by all cities on property having a tax situs in the cities. The ad valorem method set out in G.S. 105-472(b)(2) applies in determining the share of a city under this section based on ad valorem taxes, except that the amount of ad valorem taxes levied by a city does not include ad valorem taxes levied on behalf of a taxing district and collected by the city.

(d) Nature. – The General Assembly finds that the revenue distributed under this section is local revenue, not a State expenditure, for the purpose of Section 5(3) of Article III of the North Carolina Constitution. The Governor may not reduce or withhold the distribution."

SECTION 4.3.(b) This section is effective for quarters beginning on or after July 1, 2014.

SECTION 4.4.(a) G.S. 160A-211 reads as rewritten:

"(c) Prohibition. – A city may not impose a license, franchise, or privilege tax on a person engaged in any of the businesses listed in this subsection. These businesses are subject to a State tax-sales tax at the combined general rate for which the city receives a share of the tax revenue. revenue or they are subject to the local sales tax.

- (1) ~~Supplying piped natural gas taxed under Article 5E of Chapter 105 of the General Statutes.~~ gas.
- (2) Providing telecommunications service taxed under G.S. 105-164.4(a)(4c).
- (3) Providing video programming taxed under G.S. 105-164.4(a)(6).
- (4) Providing electricity. A city may continue to impose and collect the license, franchise, or privilege taxes on an electric power company that it imposed and collected on or before January 1, 1947, but it may not impose or collect

any greater franchise, privilege, or license taxes, in the aggregate, on an electric power company that was imposed and collected on or before January 1, 1947."

SECTION 4.4.(b) This section becomes effective July 1, 2014.

SECTION 4.5.(a) Section 3 of Chapter 347 of the 1965 Session Laws reads as rewritten:

"Sec. 3. All property owned by Cape Hatteras Electric Membership Corporation ~~and used exclusively for the purpose of said corporation shall be held in the same manner and subject to the same taxes and assessments~~ is exempt from property taxes to the same extent as property owned by any county or municipality of the State so long as ~~said~~ the property is owned by said Cape Hatteras Electric Membership Corporation and is held and used by it solely for the furnishing of electric energy to consumers on Hatteras Island and Ocracoke Island. Cape Hatteras Electric Membership Corporation is subject to any other taxes to the same extent as other electric membership corporations established under Chapter 117 of the General Statutes."

SECTION 4.5.(b) This section becomes effective July 1, 2014.

PART V. ADMISSION CHARGES TO AN ENTERTAINMENT ACTIVITY

SECTION 5.(a) G.S. 105-37.1, 105-38.1, and 105-40 are repealed.

SECTION 5.(b) G.S. 105-164.4(a) is amended by adding the following new subdivision to read:

"§ 105-164.4. Tax imposed on retailers.

(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and three-quarters percent (4.75%).

...

(10) The general rate of tax applies to admission charges to an entertainment activity listed in this subdivision. Offering any of these listed activities is a service. An admission charge includes a charge for a single ticket, a multioccasion ticket, a seasonal pass, an annual pass, and a cover charge.

An admission charge does not include a charge for amenities. If charges for amenities are not separately stated on the face of an admission ticket, then the charge for admission is considered to be equal to the admission charge for a ticket to the same event that does not include amenities and is for a seat located directly in front of or closest to a seat that includes amenities.

When an admission ticket is resold and the price of the admission ticket is printed on the face of the ticket, the tax does not apply to the face price. When an admission ticket is resold and the price of the admission ticket is not printed on the face of the ticket, the tax applies to the difference between the amount the reseller paid for the ticket and the amount the reseller charges for the ticket.

Admission charges to the following entertainment activities are subject to tax:

- a. A live performance or other live event of any kind.
- b. A motion picture or film.
- c. A museum, a cultural site, a garden, an exhibit, a show, or a similar attraction or a guided tour at any of these attractions."

SECTION 5.(c) G.S. 105-164.13 is amended by adding the following new subdivision to read:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

- ...
- (60) Admission charges to any of the following entertainment activities:
- a. An event that is held at an elementary or secondary school and is sponsored by the school.
 - b. A commercial agricultural fair that meets the requirements of G.S. 106-520.1, as determined by the Commissioner of Agriculture.

- c. A festival or other recreational or entertainment activity that lasts no more than seven consecutive days and is sponsored by a nonprofit entity that is exempt from tax under Article 4 of this Chapter and uses the entire proceeds of the activity exclusively for the entity's nonprofit purposes. This exemption applies to the first two activities sponsored by the entity during a calendar year.
- d. A youth athletic contest sponsored by a nonprofit entity that is exempt from tax under Article 4 of this Chapter. For the purpose of this subdivision, a youth athletic contest is a contest in which each participating athlete is less than 20 years of age at the time of enrollment.
- e. A State attraction."

SECTION 5.(d) The following statutes are repealed:

G.S. 106-507
 G.S. 106-516
 G.S. 106-517
 G.S. 106-518
 G.S. 106-519
 G.S. 106-520
 G.S. 140-10.1

SECTION 5.(e) G.S. 105-164.10 reads as rewritten:

"§ 105-164.10. Retail bracket system tax calculation.

For the convenience of the retailer in collecting the tax due under this Article, the Secretary ~~shall must~~ prescribe tables that compute the tax due on sales by rounding off the amount of tax due to the nearest whole cent. The Secretary ~~shall must~~ issue a separate table for each rate of tax that may apply to a sale, ~~including the general rate established in G.S. 105-164.4, preferential rates, and combined State and local rates. Use of the tables prescribed by the Secretary does not relieve a retailer of liability for the applicable rate of tax due on the gross receipts or net taxable sales of the retailer sale.~~

SECTION 5.(f) This section becomes effective January 1, 2014, and applies to admissions purchased on or after that date. For admissions to a live event, the tax applies to the initial sale or resale of tickets occurring on or after that date; gross receipts received on or after January 1, 2014, for admission to a live event, for which the initial sale of tickets occurred before that date, other than gross receipts received by a ticket reseller, are taxable under G.S. 105-37.1.

PART VI. SERVICE CONTRACTS

SECTION 6.(a) G.S. 105-164.3 is amended by adding a new subdivision to read:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

...
 (38b) Service contract. – A warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract by which the seller agrees to maintain or repair tangible personal property.

...."

SECTION 6.(b) G.S. 105-164.4(a) is amended by adding the following new subdivision to read:

"§ 105-164.4. Tax imposed on retailers.

(a) A privilege tax is imposed on a retailer at the following percentage rates of the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is four and three-quarters percent (4.75%).

...
 (11) The general rate of tax applies to the sales price of a service contract."

SECTION 6.(c) G.S. 105-164.13 is amended by adding two new subdivisions to read:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

- ...
- (61) A service contract for tangible personal property that is provided for any of the following:
- a. An item exempt from tax under this Article, other than an item exempt from tax under G.S. 105-164.13(32).
 - b. A transmission, distribution, or other network asset contained on utility-owned land, right-of-way, or easement.
- (62) An item used to maintain or repair tangible personal property pursuant to a service contract if the purchaser of the contract is not charged for the item."

SECTION 6.(d) This section becomes effective January 1, 2014, and applies to sales made on or after that date.

PART VII. ELIMINATE ESTATE TAX

SECTION 7.(a) Article 1A of Chapter 105 of the General Statutes is repealed.

SECTION 7.(b) G.S. 105-241.10 reads as rewritten:

"§ 105-241.10. Limit on refunds and assessments after a federal determination.

The limitations in this section apply when a taxpayer files a timely return reflecting a federal determination that affects the amount of State tax payable and the general statute of limitations for requesting a refund or proposing an assessment of the State tax has expired. A federal determination is a correction or final determination by the federal government of the amount of a federal tax due. A return reflecting a federal determination is timely if it is filed within the time required by ~~G.S. 105-32.8, 105-130.20~~ G.S. 105-130.20, 105-159, 105-160.8, or 105-163.6A, as appropriate. The limitations are:

- (1) Refund. – A taxpayer is allowed a refund only if the refund is the result of adjustments related to the federal determination.
- (2) Assessment. – A taxpayer is liable for additional tax only if the additional tax is the result of adjustments related to the federal determination. A proposed assessment may not include an amount that is outside the scope of this liability."

SECTION 7.(c) G.S. 105-236(a)(5) reads as rewritten:

"(a) Penalties. – The following civil penalties and criminal offenses apply:

...

(5) Negligence. –

...

e. ~~Estate tax deficiencies. — This subdivision does not apply to estate tax deficiencies that are the result of valuation understatements.~~

...."

SECTION 7.(d) This section becomes effective January 1, 2013, and applies to the estates of decedents dying on or after that date.

PART VIII. CAP EXCISE TAX ON MOTOR FUEL

SECTION 8.(a) Notwithstanding G.S. 105-449.80(a), for the period October 1, 2013, through June 30, 2015, the motor fuel excise tax rate may not exceed thirty-seven and one-half cents (37 1/2¢) a gallon.

SECTION 8.(b) This section is effective when it becomes law.

PART IX. STUDY AND EFFECTIVE DATE

SECTION 9.(a) This act does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this act before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal.

SECTION 9.(b) G.S. 105-237.1(a) reads as rewritten:

"(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

- ...
- (6) The taxpayer is a retailer or a person under Article 5 of this Chapter; the assessment is for sales or use tax the retailer failed to collect or the person

failed to pay on an item taxable under G.S. 105-164.4(a)(10) and (a)(11), and the retailer or person made a good-faith effort to comply with the sales and use tax laws. This subdivision expires for assessments issued after July 1, 2020."

SECTION 9.(c) The Revenue Laws Study Committee is directed to study the tax issues listed in this subsection. The Committee may report its findings, together with any recommended legislation, to the 2014 Regular Session of the 2013 General Assembly upon its convening.

- (1) The scope and application of the privilege tax at the rate of one percent (1%) with a cap of eighty dollars (\$80.00) that applies to mill machinery and on other machinery and equipment purchased by certain industries and companies.
- (2) The feasibility of a preferential tax rate on diesel fuel sold to railroads, fuel sold to passenger air carriers, and fuel sold to motorsports.
- (3) The authority of cities and counties to impose a privilege tax on businesses and the various State privilege license taxes.
- (4) The impact of the elimination of the State and local sales and use tax refund on nonprofit entities and their ability to fulfill their stated mission.
- (5) The benefits and fiscal impact of allowing corporations to deduct net operating losses as opposed to net economic losses.
- (6) The simplification of the franchise tax base calculation and the elimination of the franchise tax.
- (7) The feasibility of expanding the sales tax base to include additional services.
- (8) The application of the corporate income tax rate reduction trigger formula.
- (9) The low-income housing tax credit.
- (10) The distribution of the sales tax collected on electricity and piped natural gas to cities.

SECTION 9.(d) Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of July, 2013.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 1:09 p.m. this 23rd day of July, 2013

2013 Report on Education Legislation – Senate Bill Summaries

SESSION LAW 2013-1

SB 14 Increase Access to Career/Technical Education (CTE) (Tillman, Brown, Soucek)

Amends: G.S. 115C-12, -296.7(d)

Application/Effective date: Effective when it became law, February 18, 2013.

Local action required: None.

SBE/DPI action required: SBE must report to JLEOC on progress toward establishing diploma endorsements by February 1, 2014, make them available beginning in the 2014-15 school year, and report to JLEOC on the impact of awarding endorsements by September 1, 2016, and annually thereafter. SBE must report to JLEOC by January 15, 2014, on progress for increasing accessibility to CTE licensure and development of alternative supports. SBE and the State Board of Community Colleges (SBCC) will jointly report to JLEOC by October 1, 2014, on progress toward increasing student engagement in CTE.

Summary: Requires SBE to establish, implement, and determine the impact of adding endorsements to high school diplomas indicating the following: (1) career, (2) college, or (3) college and career. CTE teachers will now be a main focus of the NC Teacher Corps and SBE must identify LEAs with unmet recruitment needs for placement of Corps participants in CTE programs. SBE must revise education and evaluation requirements for CTE teacher licensure to increase accessibility and develop alternative professional development models to support CTE teachers who may not have extensive teaching experience. SBE must work with the SBCC to develop strategies for increasing the number of high school students in CTE, particularly in engineering, industrial technologies, and other occupations with high employment opportunity. The Boards will consider sharing instructors, facilities, equipment, and business internship opportunities between public schools and community colleges to facilitate goals.

SESSION LAW 2013-336

SB 43 Study Savings for Administration of Claims (Brown)

Amends: None.

Application/Effective date: Effective when it became law, July 23, 2013.

Local action required: None.

SBE/DPI action required: DPI must work with the North Carolina Office of State Human Resources (OSHR) and the North Carolina Office of State Budget and Management (OSBM) to conduct this workers' compensation study. The results of which will be reported by OSHR to the General Assembly by October 1, 2013.

Summary: OSHR, in conjunction with DPI and OSBM, must study expenses related to the management of workers' compensation claims submitted by state and local government employees, and make recommendations for improving efficiency and lowering costs while doing at least all of the following:

1. Identify agencies that do and do not budget line items for expenses related to workers' compensation claims. If they do not, explain how these expenses are paid.
2. Explain how expenses related to management of claims are allocated among agencies, including fees and expenses payable to third-party administrators, legal fees, and expenses incurred in the defense of claims.
3. Recommend alternative budgeting methods to anticipate expenses related to claims based on historical data or actuarial analysis.
4. In order to increase the flexibility for settling claims, recommend alternative budgeting methods to anticipate expenses related to settlement of claims.
5. Recommend strategies for motivating agencies to quickly return injured employees to work.
6. Identify agencies for a pilot program to assess the efficacy of the recommendations in this study.

SESSION LAW 2013-53

SB 91 Prohibit Expunction Inquiry

Amends: G.S. 15A-145.4(h), -145.5(f), new section -153

Application/Effective date: Section 3 (addressed below) is effective December 1, 2013, and applies to violations of G.S. 15A-153 occurring after that date. Sections 1 & 2 were effective May 17, 2013.

Local action required: Inform HR Directors and Administrators of new requirements and prohibitions involving questions to prospective employees.

SBE/DPI action required: Same as local action above.

Summary: Section 3 prohibits employers (including LEAs and state agencies) and educational institutions from knowingly inquiring as to an expunged arrest, charge or conviction of an applicant. Nor can such employers or institutions require an applicant to disclose such expunged information. The first violation of this law merits a written warning from the Commissioner of Labor; the second violation merits up to a \$500 penalty, and the same amount for each subsequent violation. Additionally, government employees (e.g., HR Directors) who request disclosure of any arrest, charge or conviction shall first advise the applicant that state law allows the applicant to not refer to any such action that has been expunged.

SESSION LAW 2013-28

SB 123 Clarify Sex Offender Residence Law

Amends: G.S. 14-208

Application/Effective date: Effective December 1, 2006, and applies to offenses committed on or after that date.

Local action required: None.

SBE/DPI action required: None.

Summary: Amends the law to make clear that a sex offender registrant cannot reside within 1,000 feet of any public or nonpublic school property or child care center, unless that registrant had already established such a residence before August 16, 2006 (the date the original residency prohibition was enacted).

SESSION LAW 2013-307

SB 132 Health Curriculum/Preterm Birth (Daniel, Tillman, Randleman)

Amends: G.S. 115C-81(e1)(4), -238.29F(a), -548, -556, -565

Application/Effective date: Effective when it became law, July 18, 2013. Applies beginning in the 2013-14 school year.

Local action required: Include required information on preventable risks for preterm birth in the reproductive health and safety education program which begins in 7th grade.

SBE/DPI action required: Ensure that public school students in both LEAs and charter schools are provided with this information and that nonpublic schools have this information available.

Summary: Requires instruction about preventable risks for preterm birth in subsequent pregnancies (including induced abortion, smoking, alcohol consumption, use of illicit drugs, and inadequate prenatal care) within the reproductive health and safety education program. The Division of Nonpublic Education (DNPE) in the Department of Administration must ensure that this information is available to church and private schools, qualified nonpublic schools, and home schools. DHHS's Division of Public Health is required to provide DPI and DNPE with sample materials of the most current information available about preventable risks for preterm birth by September 16, 2013, and annually thereafter.

SESSION LAW 2013-226

SB 168 Clarify Education Reporting Requirements (Tucker)

Amends: S.L. 2005-276, -457; S.L. 2007-323; S.L. 2008-107; S.L. 2009-305; repeals S.L. 2013-11; G.S. 96-33; G.S. 115C-12(18), -12(19), -105.27(b), -105.41(a), -107.2(d), -296, 307(g); G.S. 116-11

Application/Effective date: Digital education training and licensure requirements will be effective July 1, 2017 and apply in the 2017-18 school year. The remainder of the legislation is effective when it became law, July 3, 2013; applies beginning the 2013-14 school year.

Local action required: Elimination or reduction of local reporting requirements as set forth below in the Summary. Collaborate with SBE and the UNC System on enhancing continuing licensure requirements.

SBE/DPI action required: Eliminate reports as set forth below. Consult with the UNC System and LEAs to enhance teacher licensure renewal requirements. Create higher education educator preparation program report cards.

Summary: The purpose of this law is to eliminate unnecessary reporting, minimize duplicative reporting, and enhance requirements for teachers' continuing licensure. The law eliminates the following reports: (1) Disadvantaged Student Supplemental Funding Initiatives Report; (2) Personal Education Plans Report; (3) Report on Teacher Mentoring; (4) Child Nutrition Report under S.L. 2005-457; and (5) LEA reports to the Labor and Economic Analysis Division of the Employment Security Commission under G.S. 96-33. It also permits SBE to limit LEAs' reporting on economically disadvantaged students to one report per school year. Further changes on reporting include: (1) an effort to minimize reporting and data entry requirements due to the Instructional Improvement System (IIS) and PowerSchool; (2) limit any narrative reporting on Individualized Education Programs (IEPs); and (3) a process for school improvement teams to eliminate unnecessary reporting. On teacher licensure standards, this law sets forth new language under G.S. 115C-296 to enhance continuing licensure requirements, create higher education educator preparation program report cards for colleges and universities, and add new requirements for current and future teachers to demonstrate digital teaching and learning competencies.

SESSION LAW 2013-57

SB 189 Amend Law Defining Home Schools (Cook, Barefoot, Sanderson)

Amends: G.S. 115C-563

Application/Effective date: Effective when it became law, May 30, 2013. Applies beginning in the 2013-14 school year.

Local action required: None.

SBE/DPI action required: None.

Summary: Amends the definition of "home school" to provide that parents, legal guardians, or members of either household determine the scope and sequence of academic instruction, provide academic instruction, and determine additional sources of academic instruction.

SESSION LAW 2013-295

SB 231 Modify Duties/Advisory Council on Indian Education (J. Davis)

Amends: G.S. 115C-210.4

Application/Effective date: Effective when it became law, July 18, 2013.

Local action required: None.

SBE/DPI action required: Work closely with the Advisory Council to improve communications and meet the educational needs of American Indian students more effectively.

Summary: Modifies the duties of the Advisory Council on Indian Education, as follows:

1. Review annually relevant data on American Indian students using reports by DPI.

2. Prepare an annual report, that includes an action plan, and make an annual presentation to SBE advising how to more effectively meet educational needs of American Indian students based on SBE strategies, policies, and information.
3. Present and share the annual report with Indian Tribes and Indian organizations at the statewide Indian Unity Conference and with the State Commission of Indian Affairs.
4. Work closely with DPI, Tribal Leaders, and Title VII Coordinators to improve coordination between and among programs.
5. Improve communication among SBE, DPI, and American Indian communities, students, parents, and educators.

SESSION LAW 2013-355

SB 337 NC Charter School Advisory Board (Tillman, Soucek)

Amends: G.S. 115C-238.29A and -238.29B; repeals -238.29C; amends -238.29D thru -238.29I; repeals -238.29J and -238.29K; amends G.S. 115C-426(c), G.S. 115C-448, G.S. 105-275, G.S. 143B-426.40A; repeals S.L. 2010-31 Section 7.17(b)

Application/Effective date: Property tax provision is effective for taxable years beginning on or after July 1, 2013. The Charter School Advisory Council was dissolved August 1, 2013. The remaining provisions were effective when it became law, July 25, 2013.

Local action required: LEA must transfer the per pupil share of the local current expense fund to charter schools within 30 days of receiving the monies into its local current expense fund. During that 30-day period, the LEA must inform the charter of the total amount of monies in each fund listed in G.S. 115C-426(c), the student membership numbers used to calculate the per pupil share, and how the per pupil share was calculated. "Special funds" of individual schools are not included as part of the local current expense fund of a LEA. LEAs and charters may use mediation to resolve differences on calculation and transference of funds. When funding and transfer disputes arise, the complaining party must give the other party 15 days written notice of the alleged violation. The prevailing party in a court action will be awarded reasonable attorneys' fees and costs. Any delinquent funds, costs, fees, and interest is to be paid in full by equal monthly installments within three (3) years from the entry of judgment.

SBE/DPI action required: SBE will appoint one (1) member to serve on the Advisory Board and is now required to act on charter applications by January 15 each year. SBE will establish charter application fees of \$500-\$1,000. SBE may create a competitive bid process allowing other entities to take over a terminated or non-renewed charter. DPI will provide assistance to charter applicants and notify the Department of Revenue when a charter is terminated, not renewed, or not granted.

Summary: Enacts comprehensive changes to charter school laws. Creates the NC Charter Schools Advisory Board and dissolves the SBE-created Charter Schools Advisory Council. The new Advisory Board will have 11 voting members and make recommendations to SBE on actions regarding charter schools including approval, renewal, and revocation of charters. All charter applications will now go exclusively through the SBE chartering process. The legislation requires that a minimum of 50% of teachers be licensed and that all teachers in core subjects (language arts, math, science, and social studies) have a college degree. If the LEA in which a charter school is located has a policy on criminal history checks, the board of directors of each charter located in that LEA must adopt the same policy. Also, property that is wholly used by a charter school for educational purposes will now be exempt from property tax. Finally, a charter school now has the right to appeal to its county commissioners if it cannot reach an agreement with its LEA on leasing available buildings or land.

GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2013

SESSION LAW 2013-1 SENATE BILL 14

AN ACT TO DIRECT THE STATE BOARD OF EDUCATION TO DEVELOP CAREER AND COLLEGE ENDORSEMENTS FOR HIGH SCHOOL DIPLOMAS, INCREASE ACCESS TO CAREER AND TECHNICAL EDUCATION TEACHERS IN PUBLIC SCHOOLS, AND TO WORK WITH THE STATE BOARD OF COMMUNITY COLLEGES TO INCREASE THE NUMBER OF STUDENTS ENROLLING IN CAREER AND TECHNICAL EDUCATION IN HIGH NEED EMPLOYMENT AREAS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 115C-12 is amended by adding a new subdivision to read:

"(40) To Establish High School Diploma Endorsements. – The State Board of Education shall establish, implement, and determine the impact of adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas to encourage students to obtain requisite job skills and to reduce the need for remedial education in institutions of higher education. These endorsements shall reflect courses completed, overall grade point average, and other criteria as developed by the State Board of Education. The State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on the impact of awarding these endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates."

SECTION 1.(b) The State Board of Education shall make high school diploma endorsements, as provided under this section, available to students graduating high school beginning with the 2014-2015 school year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the progress toward establishing specific college and career endorsements for high school diplomas and for awarding these endorsements by February 1, 2014. The State Board of Education shall submit the report on the impact of awarding the high school endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates by September 1, 2016, and annually thereafter.

SECTION 2.(a) G.S. 115C-296.7(d) reads as rewritten:

"(d) The State Board of Education shall identify local school administrative units with unmet recruitment ~~needs~~ needs, especially for career and technical education teachers, and high needs schools and shall coordinate placement of NC Teacher Corps members in those schools."

SECTION 2.(b) The State Board of Education shall (i) revise post-secondary education and evaluation requirements for teacher licensure of career and technical education teachers to increase accessibility to the licensure process while maintaining quality of instruction and (ii) develop alternative professional development, mentoring, and curricular models to support career and technical education teachers who may not have an extensive teaching or classroom management background.

SECTION 2.(c) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by January 15, 2014, on progress made in increasing accessibility to the licensure process and in developing alternative professional development supports for career and technical education teachers who may not have an extensive teaching or classroom management background.

SECTION 3.(a) The State Board of Education, in collaboration with the State Board of Community Colleges, shall develop strategies to increase the number of high school students engaging in career and technical education, especially in the areas of engineering and



industrial technologies, and in other occupations with high numbers of employment opportunities. In developing these strategies, the Boards shall consider sharing of instructors, facilities, equipment, and business internship opportunities between the public schools and community colleges to facilitate these goals.

SECTION 3.(b) The State Board of Education and the State Board of Community Colleges shall jointly report to the Joint Legislative Education Oversight Committee by October 1, 2014, on progress made on developing strategies to increase student engagement in career and technical education, especially in engineering and industrial technologies, and in other occupations with high numbers of employment opportunities.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 14th day of February, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:16 a.m. this 18th day of February, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-336
SENATE BILL 43**

AN ACT TO DIRECT THE OFFICE OF STATE PERSONNEL, IN CONJUNCTION WITH THE DEPARTMENT OF PUBLIC INSTRUCTION AND THE OFFICE OF STATE BUDGET AND MANAGEMENT, TO STUDY AND MAKE RECOMMENDATIONS REGARDING THE MANAGEMENT OF WORKERS' COMPENSATION CLAIMS SUBMITTED BY STATE AND LOCAL GOVERNMENT EMPLOYEES, AS RECOMMENDED BY THE JOINT LEGISLATIVE COMMITTEE ON WORKERS' COMPENSATION INSURANCE COVERAGE COMPLIANCE AND FRAUD PREVENTION AND DETECTION.

The General Assembly of North Carolina enacts:

SECTION 1. The Office of State Personnel, in conjunction with the Department of Public Instruction and the Office of State Budget and Management, shall study the expenses related to the management of workers' compensation claims submitted by State and local government employees, and make recommendations as to how efficiency can be improved and expenses can be reduced. The study shall examine at least all of the following:

- (1) An identification of State agencies that currently include budget line items for expenses related to workers' compensation claims.
- (2) An identification of State agencies that do not currently include budget line items for expenses related to workers' compensation claims, including an explanation as to how these expenses are paid.
- (3) An explanation of how the expenses related to the management of workers' compensation claims are allocated among the State agencies, including fees and expenses payable to third-party administrators and legal fees and expenses incurred in the defense of these claims.
- (4) Recommendations for alternative budgeting methods that can be used for anticipated expenses related to workers' compensation claims, including the use of a fractional percentage of State agency payroll based on historical data or actuarial analysis.
- (5) In order to increase the flexibility of State agencies to settle workers' compensation claims, recommendations for alternative budgeting methods that can be used for anticipated expenses related to lump sum settlements of workers' compensation claims.
- (6) Recommendations for strategies that may be implemented to further motivate State agencies to return injured employees to work as soon as possible.
- (7) An identification of State agencies that would be the best candidates for a pilot program to assess the efficacy of implementing one or more of the recommendations identified in this study for achieving greater efficiency and reducing expenses in the management of workers' compensation claims.

SECTION 2. No later than October 1, 2013, the Office of State Personnel shall report its findings and recommendations to the General Assembly.



SECTION 3. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 16th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:28 p.m. this 23rd day of July, 2013

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-53
SENATE BILL 91

AN ACT TO CLARIFY THE LAW PERTAINING TO ADMINISTRATIVE ACTION THAT MAY BE TAKEN BY AN OCCUPATIONAL LICENSING BOARD AS A RESULT OF EXPUNGED CHARGES OR CONVICTIONS UNDER G.S. 15A-145.4 AND G.S. 15A-145.5; TO PROHIBIT AN EMPLOYER OR EDUCATIONAL INSTITUTION FROM REQUESTING THAT AN APPLICANT PROVIDE INFORMATION REGARDING AN ARREST, CRIMINAL CHARGE, OR CRIMINAL CONVICTION OF THE APPLICANT THAT HAS BEEN EXPUNGED; AND TO REQUIRE A STATE OR LOCAL GOVERNMENT AGENCY TO ADVISE AN APPLICANT THAT THE APPLICANT IS NOT REQUIRED TO DISCLOSE INFORMATION REGARDING AN ARREST, CRIMINAL CHARGE, OR CRIMINAL CONVICTION OF THE APPLICANT THAT HAS BEEN EXPUNGED PRIOR TO REQUESTING DISCLOSURE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 15A-145.4(h) reads as rewritten:

"(h) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section. The agency shall also ~~reverse-vacate~~ any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. A person whose administrative action has been vacated by an occupational licensing board pursuant to an expunction under this section may then reapply for licensure and must satisfy the board's then current education and preliminary licensing requirements in order to obtain licensure. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank."

SECTION 2. G.S. 15A-145.5(f) reads as rewritten:

"(f) Any other applicable State or local government agency shall expunge from its records entries made as a result of the conviction ordered expunged under this section upon receipt from the petitioner of an order entered pursuant to this section. The agency shall also ~~reverse-vacate~~ any administrative actions taken against a person whose record is expunged under this section as a result of the charges or convictions expunged. A person whose administrative action has been vacated by an occupational licensing board pursuant to an expunction under this section may then reapply for licensure and must satisfy the board's then current education and preliminary licensing requirements in order to obtain licensure. This subsection shall not apply to the Department of Justice for DNA records and samples stored in the State DNA Database and the State DNA Databank or to fingerprint records."

SECTION 3. Article 5 of Chapter 15A of the General Statutes is amended by adding a new section to read:

"§ 15A-153. Effect of expunction; prohibited practices by employers, educational institutions, agencies of State and local governments.

(a) Purpose. – The purpose of this section is to clear the public record of any entry of any arrest, criminal charge, or criminal conviction that has been expunged so that (i) the person who is entitled to and obtains the expunction may omit reference to the charges or convictions to potential employers and others and (ii) a records check for prior arrests and convictions will not disclose the expunged entries. Nothing in this section shall be construed to prohibit an employer from asking a job applicant about criminal charges or convictions that have not been expunged and are part of the public record.

(b) No person as to whom an order of expunction has been entered pursuant to this Article shall be held thereafter under any provision of any laws to be guilty of perjury or



otherwise giving a false statement by reason of that person's failure to recite or acknowledge any expunged arrest, apprehension, charge, indictment, information, trial, or conviction in response to any inquiry made of him or her for any purpose other than as provided in subsection (e) of this section.

(c) Employer or Educational Institution Inquiry Regarding Disclosure of Expunged Arrest, Criminal Charge, or Conviction. – An employer or educational institution shall not, in any application, interview, or otherwise, require an applicant for employment or admission to disclose information concerning any arrest, criminal charge, or criminal conviction of the applicant that has been expunged and shall not knowingly and willingly inquire about any arrest, charge, or conviction that they know to have been expunged. An applicant need not, in answer to any question concerning any arrest or criminal charge that has not resulted in a conviction, include a reference to or information concerning arrests, charges, or convictions that have been expunged. This subsection does not apply to State or local law enforcement agencies authorized pursuant to G.S. 15A-151 to obtain confidential information for employment purposes.

(d) State or Local Government Agency, Official, and Employee Inquiry Regarding Disclosure of Expunged Arrest, Criminal Charge, or Conviction. – Agencies, officials, and employees of the State and local governments who request disclosure of information concerning any arrest, criminal charge, or criminal conviction of the applicant shall first advise the applicant that State law allows the applicant to not refer to any arrest, charge, or conviction that has been expunged. An applicant need not, in answer to any question concerning any arrest or criminal charge that has not resulted in a conviction, include a reference to or information concerning charges or convictions that have been expunged. Such application shall not be denied solely because of the applicant's refusal or failure to disclose information concerning any arrest, criminal charge, or criminal conviction of the applicant that has been expunged.

(e) The provisions of subsection (d) of this section do not apply to any applicant or licensee seeking or holding any certification issued by the North Carolina Criminal Justice Education and Training Standards Commission pursuant to Chapter 17C of the General Statutes or the North Carolina Sheriffs Education and Training Standards Commission pursuant to Chapter 17E of the General Statutes.

(1) Convictions expunged pursuant to G.S. 15A-145.4. – Persons pursuing certification under the provisions of Chapter 17C or 17E of the General Statutes shall disclose any and all felony convictions to the certifying Commission regardless of whether or not the felony convictions were expunged pursuant to the provisions of G.S. 15A-145.4.

(2) Convictions expunged pursuant to G.S. 15A-145.5. – Persons pursuing certification under the provisions of Chapter 17C or 17E of the General Statutes shall disclose any and all convictions to the certifying Commission regardless of whether or not the convictions were expunged pursuant to the provisions of G.S. 15A-145.5.

(f) Penalty for Violation. – Upon investigation by the Commissioner of Labor or the Commissioner's authorized representative, any employer found to be in violation of subsection (c) of this section shall be issued a written warning for a first violation and shall be subject to a civil penalty of up to five hundred dollars (\$500.00) for each additional violation occurring after receipt of the written warning. In determining the amount of any penalty ordered under authority of this section, the Commissioner shall give due consideration to the appropriateness of the penalty with respect to the size of the business of the person being charged, the gravity of the violation, the good faith of the person, and the record of previous violations. The determination of the amount of the penalty by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail with return receipt, by signature confirmation as provided by the U.S. Postal Service, by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) with delivery receipt, or via hand delivery, the person charged with the violation takes exception to the determination in which event the final determination of the penalty shall be made in an administrative proceeding and in a judicial proceeding pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act. The Commissioner of Labor may adopt, modify, or revoke such rules as are necessary for carrying out the provisions of this subsection.

Nothing in this section shall be construed to create a private cause of action against any employer or its agents or employees, any educational institutions or their agents or employees, or any State or local government agencies, officials, or employees."

SECTION 4. Sections 1 and 2 of this act are effective when this act becomes law. The remainder of this act becomes effective December 1, 2013. G.S. 15A-153(f), as enacted by Section 3 of this act, applies only to violations of G.S. 15A-153 that occur on or after December 1, 2013.

In the General Assembly read three times and ratified this the 8th day of May, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:26 a.m. this 17th day of May, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-28
SENATE BILL 123**

**AN ACT TO CLARIFY THE EXISTING LAW PERTAINING TO SEX OFFENDERS
RESIDING NEAR SCHOOLS OR DAY CARE CENTERS.**

Whereas, in 2006, the General Assembly enacted restrictions on registered sex offenders residing near schools and day care centers; and

Whereas, the law provided that the residential restrictions did not apply to *a person who has established a residence in accordance with the law prior to the effective date of the law* [August 16, 2006]; and

Whereas, the application portion of the law was in the session law, but not codified as part of the statute; and

Whereas, law enforcement officials mistakenly believe, based only upon the codified portion of the law which provides the conditions upon which a residence is established and not the effective date of the residency, that a registered sex offender can legally reside within 1,000 feet of a school or day care center if the offender moves in with a family member who had established residence at the location prior to the effective date of the law, even though the offender did not establish residence at that location prior to August 16, 2006; Now, therefore,

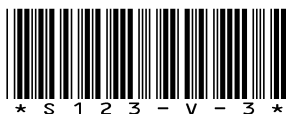
The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-208.16(a) reads as rewritten:

"(a) A registrant under this Article shall not knowingly reside within 1,000 feet of the property on which any public or nonpublic school or child care center is located. This subsection applies to any registrant who did not establish his or her residence, in accordance with subsection (d) of this section, prior to August 16, 2006."

SECTION 2. Section 11(c) of S.L. 2006-247 reads as rewritten:

"**SECTION 11.(c)** Subsection (a) of this section becomes effective December 1, 2006, and applies to all persons registered or required to register on or after that date. Subsection (a) of this section does not apply to a person who has established a residence prior to ~~the effective date of this subsection~~ August 16, 2006, in accordance with the provisions in G.S. 14-208.16(d)(1), (2), or (3) as enacted by this act. This subsection is effective ~~when this act becomes law~~ on August 16, 2006. The remainder of this section is effective on December 1, 2006, and applies to offenses committed on or after that date."



SECTION 3. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 8th day of April, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:33 p.m. this 16th day of April, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-307
SENATE BILL 132**

AN ACT TO INCLUDE INSTRUCTION IN THE SCHOOL HEALTH EDUCATION PROGRAM ON THE PREVENTABLE CAUSES OF PRETERM BIRTH, INCLUDING INDUCED ABORTION AS A CAUSE OF PRETERM BIRTH IN SUBSEQUENT PREGNANCIES, AND TO PROVIDE SUCH INFORMATION TO CHARTER, NONPUBLIC, AND HOME SCHOOL STUDENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-81(e1)(4) reads as rewritten:

"(4) Each local school administrative unit shall provide a reproductive health and safety education program commencing in the seventh grade that includes the following instruction:

- a. Teaches that abstinence from sexual activity outside of marriage is the expected standard for all school-age children.
- b. Presents techniques and strategies to deal with peer pressure and offering positive reinforcement.
- c. Presents reasons, skills, and strategies for remaining or becoming abstinent from sexual activity.
- d. Teaches that abstinence from sexual activity is the only certain means of avoiding out-of-wedlock pregnancy, sexually transmitted diseases when transmitted through sexual contact, including HIV/AIDS, and other associated health and emotional problems.
- e. Teaches that a mutually faithful monogamous heterosexual relationship in the context of marriage is the best lifelong means of avoiding sexually transmitted diseases, including HIV/AIDS.
- f. Teaches the positive benefits of abstinence until marriage and the risks of premarital sexual activity.
- g. Provides opportunities that allow for interaction between the parent or legal guardian and the student.
- h. Provides factually accurate biological or pathological information that is related to the human reproductive system.
- i. Teaches about the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

Materials used in this instruction shall be age appropriate for use with students. Information conveyed during the instruction shall be objective and based upon scientific research that is peer reviewed and accepted by professionals and credentialed experts in the field of sexual health education."

SECTION 1.1. G.S. 115C-238.29F(a) reads as rewritten:

"(a) Health and Safety Standards. – A charter school shall meet the same health and safety requirements required of a local school administrative unit. The Department of Public Instruction shall ensure that charter schools provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.



The Department of Public Instruction shall also ensure that charter schools provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information shall be provided at the beginning of the school year to parents of children entering grades five ~~through~~ 12. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Department of Public Instruction shall also ensure that charter schools provide students in grades seven through 12 with information annually on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

The Department of Public Instruction shall also ensure that charter schools provide students in grades nine through 12 with information annually on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500.

The Department of Public Instruction shall also ensure that the guidelines for individual diabetes care plans adopted by the State Board of Education under G.S. 115C-12(31) are implemented in charter schools in which students with diabetes are enrolled and that charter schools otherwise comply with the provisions of G.S. 115C-375.3."

SECTION 1.2. G.S. 115C-548 reads as rewritten:

"§ 115C-548. Attendance; health and safety regulations.

Each private church school or school of religious charter shall make, and maintain annual attendance and disease immunization records for each pupil enrolled and regularly attending classes. Attendance by a child at any school to which this Part relates and which complies with this Part shall satisfy the requirements of compulsory school attendance so long as the school operates on a regular schedule, excluding reasonable holidays and vacations, during at least nine calendar months of the year. Each school shall be subject to reasonable fire, health and safety inspections by State, county and municipal authorities as required by law.

The Division of Nonpublic Education, Department of Administration, shall ensure that materials are provided to these schools so that they can provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information may be provided electronically or on the Division's Web page. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, shall also ensure that materials are provided to these schools so that they can provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information may be provided electronically or on the Division's Web page. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, shall also ensure that information is available to these schools so that they can provide information annually on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

The Division of Nonpublic Education, Department of Administration, shall also ensure that information is available to these schools so that they can provide information on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500."

SECTION 1.3. G.S. 115C-556 reads as rewritten:

"§ 115C-556. Attendance; health and safety regulations.

Each qualified nonpublic school shall make, and maintain annual attendance and disease immunization records for each pupil enrolled and regularly attending classes. Attendance by a child at any school to which this Part relates and which complies with this Part shall satisfy the requirements of compulsory school attendance so long as the school operates on a regular schedule, excluding reasonable holidays and vacations, during at least nine calendar months of

the year. Each school shall be subject to reasonable fire, health and safety inspections by State, county and municipal authorities as required by law.

The Division of Nonpublic Education, Department of Administration, shall ensure that materials are provided to each qualified nonpublic school so that the school can provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information may be provided electronically or on the Division's Web page. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, shall also ensure that materials are provided to each qualified nonpublic school so that the school can provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information may be provided electronically or on the Division's Web page. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, shall also ensure that information is available to each qualified nonpublic school so that the school can provide information annually on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

The Division of Nonpublic Education, Department of Administration, shall also ensure that information is available to each qualified nonpublic school so that the school can provide information on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500."

SECTION 1.4. G.S. 115C-565 reads as rewritten:

"§ 115C-565. Requirements exclusive.

No school which complies with this Part shall be subject to any other provision of law relating to education except requirements of law respecting immunization. The Division of Nonpublic Education, Department of Administration, shall provide to home schools information about meningococcal meningitis and influenza and their vaccines. This information may be provided electronically or on the Division's Web page. The information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, shall also provide to home schools information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information may be provided electronically or on the Division's Web page. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Division of Nonpublic Education, Department of Administration, shall also provide to home schools information on the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care. This information may be provided electronically or on the Division's Web page.

The Division of Nonpublic Education, Department of Administration, shall also provide to home schools information on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500. This information may be provided electronically or on the Division's Web page."

SECTION 2. To facilitate the implementation of this act, within 60 days of this act becoming effective and annually thereafter, the Department of Health and Human Services, Division of Public Health, shall provide to the Department of Public Instruction and the Division of Nonpublic Education, Department of Administration, sample educational materials with the most current information available about the preventable risks for preterm birth in

subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care.

SECTION 3. This act is effective when it becomes law and applies beginning with the 2013-2014 school year.

In the General Assembly read three times and ratified this the 9th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:18 p.m. this 18th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-226
SENATE BILL 168**

**AN ACT TO ELIMINATE UNNECESSARY REPORTS AND CLARIFY CURRENT
EDUCATION PROGRAM REQUIREMENTS.**

The General Assembly of North Carolina enacts:

**PART I. REPEAL DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING
INITIATIVES REPORT**

SECTION 1.(a) Section 7.8(b) of S.L. 2005-276 reads as rewritten:

"SECTION 7.8.(b) Funds are appropriated in this act to evaluate the Disadvantaged Student Supplemental Funding Initiatives and Low-Wealth Initiatives. The State Board of Education shall use these funds to:

(1) Evaluate the strategies implemented by local school administrative units with Disadvantaged Student Supplemental Funds and Low-Wealth Funds and assess their impact on student performance; and

(2) Evaluate the efficiency and effectiveness of the technical assistance and support provided to local school administrative units by the Department of Public Instruction.

~~The State Board of Education shall report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by February 15, 2006, and by January 15 of each subsequent year."~~

SECTION 1.(b) Section 7.8(b) of S.L. 2007-323 reads as rewritten:

"SECTION 7.8.(b) Funds are appropriated in this act to evaluate the Disadvantaged Student Supplemental Funding Initiatives and Low Wealth Initiatives. The State Board of Education shall use these funds to:

(1) Evaluate the strategies implemented by local school administrative units with Disadvantaged Student Supplemental Funds and Low Wealth Funds and assess their impact on student performance; and

(2) Evaluate the efficiency and effectiveness of the technical assistance and support provided to local school administrative units by the Department of Public Instruction.

~~The State Board of Education shall report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by January 15 of each year."~~

**PART II. ELIMINATE STATE BOARD REPORT ON PERSONAL EDUCATION
PLANS**

SECTION 2. G.S. 115C-105.41(a) reads as rewritten:

"(a) In order to implement Part 1A of Article 8 of this Chapter, local school administrative units shall identify students who are at risk for academic failure and who are not successfully progressing toward grade promotion and graduation, beginning in kindergarten. Identification shall occur as early as can reasonably be done and can be based on grades, observations, diagnostic and formative assessments, State assessments, and other factors, including reading on grade level, that impact student performance that teachers and administrators consider appropriate, without having to await the results of end-of-grade or end-of-course tests. No later than the end of the first quarter, or after a teacher has had up to nine weeks of instructional time with a student, a personal education plan for academic improvement with focused intervention and performance benchmarks shall be developed or updated for any student at risk of academic failure who is not performing at least at grade level, as identified by the State end-of-grade test and other factors noted above. Focused instructional



supports and services, reading interventions, and accelerated activities should include evidence-based practices that meet the needs of students and may include coaching, mentoring, tutoring, summer school, Saturday school, and extended days. Local school administrative units shall provide these activities free of charge to students. Local school administrative units shall also provide transportation free of charge to all students for whom transportation is necessary for participation in these activities.

Local school administrative units shall give notice of the personal education plan and a copy of the personal education plan to the student's parent or guardian. Parents should be included in the implementation and ongoing review of personal education plans. If a student's school report card provides all the information required in a personal education plan, then no further personal education plan is mandated for the student.

~~Local school administrative units shall certify that they have complied with this section annually to the State Board of Education. The State Board of Education shall periodically review data on the progress of identified students and report to the Joint Legislative Education Oversight Committee.~~

No cause of action for monetary damages shall arise from the failure to provide or implement a personal education plan under this section."

PART III. REPEAL REPORT ON TEACHER MENTORING

SECTION 3. Section 7.8 of S.L. 2008-107, as amended by Section 1(b) of S.L. 2009-305, reads as rewritten:

"SECTION 7.8. The State Board of Education shall allot funds for mentoring services to local school administrative units based on the highest number of employees in the preceding three school years who (i) are paid with State, federal, or local funds and (ii) are either teachers paid on the first or second steps of the teacher salary schedule or instructional support personnel paid on the first step of the instructional support personnel salary schedule.

Local school administrative units shall use these funds to provide mentoring support to eligible employees in accordance with a plan approved by the State Board of Education. The plan shall include information on how all mentors in the local school administrative unit will be adequately trained to provide mentoring support. ~~The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to January 15 of each year on the use of funds for mentoring services. The report shall include, at a minimum, the impact of each unit's mentoring program on teacher retention and how all mentors in the unit are trained.~~"

PART IV. BOARD OF GOVERNORS' PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC SCHOOL EMPLOYEES

SECTION 4. G.S. 116-11 reads as rewritten:

"§ 116-11. Powers and duties generally.

...
(12a) ~~The Board of Governors of The University of North Carolina shall implement, administer, and revise programs for meaningful professional development for professional public school employees based upon the evaluations and recommendations made by the State Board of Education under G.S. 115C-12(26). The programs shall be aligned with State education goals and directed toward improving student academic achievement.~~

...."

PART V. CLARIFY TEACHER LICENSE AND EDUCATOR PREPARATION PROGRAM REQUIREMENTS

SECTION 5.(a) Section 1 of S.L. 2013-11 is repealed.

SECTION 5.(b) G.S. 115C-296 reads as rewritten:

"§ 115C-296. Board sets licensure requirements; reports; lateral entry and mentor programs.

...
(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel licensed in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead

512 agency in coordination and cooperation with the University Board of Governors, the Board of

Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several licensure requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs.

(1) Licensure standards. –

- a. The licensure program shall provide for initial licensure after completion of preservice training, continuing licensure after three years of teaching experience, and license renewal every five years thereafter, until the retirement of the teacher. The last license renewal received prior to retirement shall remain in effect for five years after retirement. The licensure program shall also provide for lifetime licensure after 50 years of teaching.
- b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and shall be aligned with high-quality professional development programs that reflect State priorities for improving student achievement.
- c. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall (i) reevaluate and enhance the requirements for renewal of teacher licenses and (ii) consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills.

(2) Teacher education programs. –

- a. The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina, the North Carolina Independent Colleges and Universities, and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.
- b. **Reserved for future codification.**
- c. To further ensure that teacher preparation programs remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall do all of the following to ensure that students preparing are prepared to teach in elementary schools:
 1. ~~(i) have~~ Provide students with adequate coursework in the teaching of reading and mathematics.
 2. ~~(ii) are assessed~~ Assess students prior to certification licensure to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations.
 3. ~~(iii) continue to receive~~ Continue to provide students with preparation in applying formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
 4. ~~(iv) are prepared~~ Prepare students to integrate the arts education across the curriculum.
- d. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall evaluate and modify, as necessary, the academic requirements of teacher preparation programs for students preparing to teach science in middle and high schools to ensure that there is adequate preparation in issues related to science laboratory safety.

~~The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and to the extent possible shall be aligned with quality professional development programs that reflect State priorities for improving student achievement.~~

~~The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall reevaluate and enhance the requirements for renewal of teacher licenses. The State Board shall consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills. The State Board shall adopt new standards for the renewal of teacher licenses by May 15, 1998.~~

~~e. The standards for approval of institutions of teacher education shall require that teacher education programs for all students include demonstrated competencies in (i) the identification and education of children with disabilities and (ii) positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior.~~

~~f. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.~~

~~All North Carolina institutions of higher education that offer teacher education programs, masters degree programs in education, or masters degree programs in school administration shall provide performance reports to the State Board of Education. The performance reports shall follow a common format, shall be submitted according to a plan developed by the State Board, and shall include the information required under the plan developed by the State Board.~~

~~(b1) The State Board of Education shall develop a plan to provide a focused review of require teacher education programs, master's degree programs in education, and master's degree programs in school administration to submit annual performance reports. The performance reports shall provide the State Board of Education with a focused review of the programs and the current process of accrediting these programs in order to ensure that the programs produce graduates that are well prepared to teach. The plan shall include the development and implementation of a school of education performance report for each teacher education program in North Carolina.~~

~~(1) Report contents. – The performance report for each teacher education program and master's degree program in education and school administration in North Carolina shall follow a common format and include at least the following elements:~~

~~a. (i) quality Quality of students entering the schools of education, including the average grade point average and average score on preprofessional skills tests that assess reading, writing, math and other competencies; competencies.~~

~~b. (ii) graduation rates; Graduation rates.~~

~~c. (iii) time to graduation rates; Time-to-graduation rates.~~

~~d. (iv) average Average scores of graduates on professional and content area examination for the purpose of licensure; licensure.~~

~~e. (v) percentage Percentage of graduates receiving initial licenses; licenses.~~

~~f. (vi) percentage Percentage of graduates hired as teachers; teachers.~~

~~g. (vii) percentage Percentage of graduates remaining in teaching for four years; years.~~

~~h. (viii) graduate Graduate satisfaction based on a common survey; and survey.~~

~~i. (ix) employer Employer satisfaction based on a common survey.~~

~~j. Effectiveness of teacher education program graduates.~~

~~The performance reports shall follow a common format. The performance reports shall be submitted annually. The State Board of Education shall develop a plan to be implemented beginning in the 1998-99 school year to reward and sanction approved teacher education~~

~~programs and masters of education programs and to revoke approval of those programs based on the performance reports and other criteria established by the State Board of Education.~~

~~The State Board also shall develop and implement a plan for annual performance reports for all masters degree programs in education and school administration in North Carolina. To the extent it is appropriated, the performance report shall include similar indicators to those developed for the performance report for teacher education programs. The performance reports shall follow a common format.~~

- ~~(2) Submission of annual performance reports. – Both plans for performance~~Performance reports also shall include a method to provide the annual performance reports be provided annually to the Board of Governors of The University of North Carolina, the State Board of Education, and the boards of trustees of the independent colleges. The State Board of Education shall review the schools of education performance reports and the performance reports for masters degree programs in education and school administration each year the performance reports are submitted.
- ~~(3) Educator preparation program report card. – The State Board shall create a higher education educator preparation program report card reflecting the information collected in the annual performance reports for each North Carolina institution offering teacher education programs and master of education programs. The report cards shall, at a minimum, summarize information reported on all of the performance indicators for the performance reports required by subdivision (1) of this subsection.~~
- ~~(4) Annual State Board of Education report. – The State Board shall submit the performance report for the 1999-2000 school year to the Joint Legislative Education Oversight Committee by December 15, 2000. Subsequent performance reports~~The educator preparation program report cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by October 1.
- ~~(5) State Board of Education action based on performance. – The State Board of Education shall reward and sanction approved teacher education programs and master of education programs and revoke approval of those programs based on the performance reports and other criteria established by the State Board of Education.~~

...
(c1) The State Board of Community Colleges may provide a program of study for lateral entry teachers to complete the coursework necessary to earn a teaching license. To this end, the State Board of Education, in consultation with the State Board of Community Colleges, shall establish a competency-based program of study for lateral entry teachers to be implemented within the Community College System no later than May 1, 2006. This program must meet standards set by the State Board of Education. To ensure that programs of study for lateral entry remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education shall do all of the following to ensure that lateral entry personnel are prepared to teach:

- ~~(i)(1) Provide adequate coursework in the teaching of reading and mathematics is available for lateral entry teachers seeking certification in elementary education; education.~~
- ~~(ii)(2) Assess lateral entry teachers are assessed prior to certification to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations; expectations.~~
- ~~(iii)(3) Prepare all lateral entry teachers continue to receive preparation in applying to apply formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement; and improvement.~~
- ~~(iv) are prepared to integrate arts education across the curriculum.~~

...."

SECTION 5.(c) G.S. 115C-296, as rewritten by Section 5(b) reads as rewritten:

"§ 115C-296. Board sets licensure requirements; reports; lateral entry and mentor programs.

...

(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel licensed in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several licensure requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs.

(1) Licensure standards. –

- a. The licensure program shall provide for initial licensure after completion of preservice training, continuing licensure after three years of teaching experience, and license renewal every five years thereafter, until the retirement of the teacher. The last license renewal received prior to retirement shall remain in effect for five years after retirement. The licensure program shall also provide for lifetime licensure after 50 years of teaching.
- b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and shall be aligned with high quality professional development programs that reflect State priorities for improving student achievement.
- c. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall (i) reevaluate and enhance the requirements for renewal of teacher licenses, ~~and~~ (ii) consider modifications in the license renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional ~~skills, skills,~~ and (iii) integrate digital teaching and learning into the requirements for licensure renewal.

(2) Teacher education programs. –

- a. The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina, the North Carolina Independent Colleges and Universities, and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.
- b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall require that all students preparing to teach demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.
- c. To further ensure that teacher preparation programs remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall do all of the following to ensure that students are prepared to teach in elementary schools:
 1. Provide students with adequate coursework in the teaching of reading and mathematics.
 2. Assess students prior to licensure to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations.

3. Continue to provide students with preparation in applying formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
4. Prepare students to integrate the arts across the curriculum.
- d. The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall evaluate and modify, as necessary, the academic requirements of teacher preparation programs for students preparing to teach science in middle and high schools to ensure that there is adequate preparation in issues related to science laboratory safety.
- e. The standards for approval of institutions of teacher education shall require that teacher education programs for all students include demonstrated competencies in (i) the identification and education of children with disabilities and (ii) positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior.
- f. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

...

(c1) The State Board of Community Colleges may provide a program of study for lateral entry teachers to complete the coursework necessary to earn a teaching license. To this end, the State Board of Education, in consultation with the State Board of Community Colleges, shall establish a competency-based program of study for lateral entry teachers to be implemented within the Community College System no later than May 1, 2006. This program must meet standards set by the State Board of Education. To ensure that programs of study for lateral entry remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education shall do all of the following to ensure that lateral entry personnel are prepared to teach:

- (1) Provide adequate coursework in the teaching of reading and mathematics is available for lateral entry teachers seeking certification in elementary education.
- (2) Assess lateral entry teachers prior to certification to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations.
- (3) Prepare all lateral entry teachers to apply formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
- (4) Require that lateral entry teachers demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

...."

PART VI. REPEAL CHILD NUTRITION STATE STANDARDS AND REPORT

SECTION 6. Section 2 of S.L. 2005-457 is repealed.

PART VII. ELIMINATE ESC REPORTING

SECTION 7. G.S. 96-33 is amended by adding a new subsection to read:

"(a1) Local school administrative units shall not be required to report directly to the Labor and Economic Analysis Division. The Department of Public Instruction shall be responsible for the collection of information from local school administrative units for input into the common follow-up information management system authorized under this Article and for such other official functions as are performed by the Division."

PART VIII. DISADVANTAGED STUDENT REPORT

SECTION 8. To the extent allowed by federal law, the State Board of Education shall consolidate and limit reports to the State Board by local school administrative units on data related to economically disadvantaged students, including household size and income information, to one report each school year.

PART IX. IIS REPORTING

SECTION 9.(a) The Department of Public Instruction shall simplify and minimize data entry requirements of local school administrative units to achieve the least burdensome administrative data entry workload possible, particularly as it relates to the implementation of the PowerSchool application and any other component of the Instructional Improvement System.

SECTION 9.(b) The Department of Public Instruction shall comply with G.S. 115C-12(19)(i) and not require as a separate submission at least all of the following reports to reduce unnecessary reporting requirements for local school administrative units:

- (1) The Principal's Monthly Report (PMR) Final, required by the 30th of each month.
- (2) The Teacher Vacancy Report, required by October 20th each year.
- (3) The Professional Personnel Activity Report (PPAR), required annually.
- (4) The Pupils in Membership by Race and Sex, required annually by October 31st.
- (5) The Report of School Sales of Textbooks and Used Books, required annually by October 31st.
- (6) The School Activity Report (SAR), required annually.

SECTION 9.(c) The Department of Public Instruction may collect any information contained in the reports eliminated in accordance with subsection (b) of this section that is necessary for compliance with State or federal law through the implementation of the PowerSchool application or any other component of the Instructional Improvement System.

SECTION 9.(d) Local school administrative units shall continue to be responsible for required data entry into the PowerSchool application or any other component of the Instructional Improvement System.

SECTION 9.(e) G.S. 115C-12(18) reads as rewritten:

"(18) Duty to Develop and Implement a Uniform Education Reporting System, Which Shall Include Standards and Procedures for Collecting Fiscal and Personnel Information. –

- a. The State Board of Education shall adopt standards and procedures for local school administrative units to provide timely, accurate, and complete fiscal and personnel information, including payroll information, on all school personnel. ~~All local school administrative units shall comply with these standards and procedures by the beginning of the 1987-88 school year.~~
- b. The State Board of Education shall develop and implement a Uniform Education Reporting System that shall include requirements for collecting, processing, and reporting fiscal, personnel, and student data, by means of electronic transfer of data files from local computers to the State Computer Center through the State Communications Network. ~~All local school administrative units shall comply with the requirements of the Uniform Education Reporting System by the beginning of the 1989-90 school year.~~
- c. The State Board of Education shall comply with the provisions of G.S. 116-11(10a) to plan and implement an exchange of information between the public schools and the institutions of higher education in the State. The State Board of Education shall require local boards of education to provide to the parents of children at a school all information except for confidential information received about that school from institutions of higher education pursuant to G.S. 116-11(10a) and to make that information available to the general public.
- d. The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard

information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for textbooks, educational supplies and equipment, capital outlay, at-risk students, and other purposes. ~~The revised Uniform Education Reporting System shall be implemented beginning with the 1999-2000 school year.~~

- e. When practicable, reporting requirements developed by the State Board of Education as part of the Uniform Education Reporting System under this subdivision shall be incorporated into the PowerSchool application or any other component of the Instructional Improvement System to minimize duplicative reporting by local school administrative units."

SECTION 9.(f) G.S. 115C-12(19) reads as rewritten:

"(19) Duty to Identify Required Reports and to Eliminate Unnecessary Reports and Paperwork. – Prior to the beginning of each school year, the State Board of Education shall identify all reports that are required at the State level for the school year.

The State Board of Education shall adopt policies to ensure that local school administrative units are not required by the State Board of Education, the State Superintendent, or the Department of Public Instruction staff to (i) provide information that is already available on the student information management system or housed within the Department of Public Instruction; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; ~~or~~ (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act ~~(IDEA)~~-(IDEA); or (iv) provide information that is unnecessary to comply with State or federal law and not relevant to student outcomes and the efficient operation of the public schools. Notwithstanding the foregoing, the State Board may require information available on its student information management system or require the same information twice if the State Board can demonstrate a compelling need and can demonstrate there is not a more expeditious manner of getting the information.

The State Board shall permit schools and local school administrative units to submit all reports to the Department of Public Instruction electronically.

The State Board of Education, in collaboration with the education roundtables within the Department of Public Instruction, shall consolidate all plans that affect the school community, including school improvement plans. The consolidated plan shall be posted on each school's Web site for easy access by the public and by school personnel.

The State Board shall report to the Joint Legislative Education Oversight Committee by November 15 of each year on the reports identified that are required at the State level, the evaluation and determination for continuing individual reports, including the consideration of whether those reports exceed what is required by State and federal law, and any reports that it has consolidated or eliminated for the upcoming school year."

PART X. SIMPLIFY INDIVIDUALIZED EDUCATION PROGRAM (IEP) REPORTING

SECTION 10. G.S. 115C-107.2(d) reads as rewritten:

"(d) The State Board shall develop forms for local educational agencies to use in order to comply with this Article. The forms ~~must shall~~ comply with ~~G.S. 115C-12(19) and may~~G.S. 115C-12(19), and whenever practicable, (i) limit the requirement for narrative reporting to essential components requiring personalized student information and (ii) be in an electronic format."

PART XI. ELIMINATION OF UNNECESSARY REPORTING BY EDUCATORS

SECTION 11.(a) G.S. 115C-105.27(b) is amended by adding a new subdivision to read:

"(b) The strategies for improving student performance:

...
(8) Shall include a plan to identify and eliminate unnecessary and redundant reporting requirements for teachers and, to the extent practicable, streamline the school's reporting system and procedures, including requiring forms and reports to be in electronic form when possible and incorporating relevant documents into the student accessible components of the Instructional Improvement System."

SECTION 11.(b) G.S. 115C-307(g) reads as rewritten:

"(g) To Make Required Reports. – A teacher shall make all reports required by the local board of education. The superintendent shall not approve the voucher for a teacher's pay until the required monthly and annual reports are made.

The superintendent may require a teacher to make reports to the principal.

A teacher shall be given access to the information in the student information management system to expedite the process of preparing reports or otherwise providing information. A teacher shall not be required by the local board, the superintendent, or the principal to (i) provide information that is already available on the student information management system; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; or (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act (IDEA). Notwithstanding the forgoing, a local board may require information available on its student information management system or require the same information twice if ~~the local board can demonstrate~~ superintendent determines that there is (i) a compelling need and ~~can demonstrate there is not a(ii) no~~ more expeditious manner of ~~gettingproviding the information-information~~ to the local board. A school improvement team may request that the superintendent consider the elimination of a redundant reporting requirement for the teachers at its school if it identifies in its school improvement plan a more expeditious manner of providing the information to the local board. The superintendent shall recommend to the local board whether the reporting requirement should be eliminated for that school. If the superintendent does not recommend elimination of the reporting requirement, the school improvement team may request a hearing by the local board as provided in G.S. 115C-45(c).

Any teacher who knowingly and willfully makes or procures another to make any false report or records, requisitions, or payrolls, respecting daily attendance of pupils in the public schools, payroll data sheets, or other reports required to be made to any board or officer in the performance of their duties, shall be guilty of a Class 1 misdemeanor and the certificate of such person to teach in the public schools of North Carolina shall be revoked by the Superintendent of Public Instruction."

PART XII. EFFECTIVE DATE

SECTION 12. Section 5(c) of this act becomes effective July 1, 2017, and applies beginning with the 2017-2018 school year. The remainder of this act is effective when it becomes law and applies beginning with the 2013-2014 school year.

In the General Assembly read three times and ratified this the 26th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 10:30 a.m. this 3rd day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-57
SENATE BILL 189**

AN ACT TO AMEND THE LAW DEFINING HOME SCHOOLS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-563 reads as rewritten:

"§ 115C-563. Definitions.

As used in this Part or Parts 1 and 2 of this ~~section~~ Article:

(a) "Home school" means a nonpublic school ~~in which one or more~~ consisting of the children of not more than two families or households receive academic instruction from parents or legal guardians, or a member of either household, where the parents or legal guardians or members of either household determine the scope and sequence of academic instruction, provide academic instruction, and determine additional sources of academic instruction.

(b) "Duly authorized representative of the State" means the Director, Division of Nonpublic Education, or his staff."

SECTION 2. This act is effective when it becomes law and applies beginning with the 2013-2014 school year.

In the General Assembly read three times and ratified this the 24th day of May, 2013.

s/ Neal Hunt
Presiding Officer of the Senate

s/ Paul Stam
Speaker Pro Tempore of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:20 p.m. this 30th day of May, 2013



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-295
SENATE BILL 231**

**AN ACT TO MODIFY THE DUTIES OF THE STATE ADVISORY COUNCIL ON INDIAN
EDUCATION.**

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-210.4 reads as rewritten:

"§ 115C-210.4. Duties of the Council.

It shall be the duty of the Advisory Council:

- (1) ~~To advise the State Board of Education on ways to meet more effectively the educational needs of Indian students;~~ To review annually relevant data on American Indian students using reports made available to the Council by the Department of Public Instruction. The review shall include, but not be limited to, data on academic performance, growth, suspension and expulsion events, dropouts, and graduation rates.
- (2) ~~To advocate for meaningful programs to reduce and eventually eliminate low achievement and concurrent high attrition rates among American Indian students; students.~~
- (2a) To prepare an annual report that includes an action plan and make an annual presentation to the State Board of Education to advise the State Board on ways to meet the educational needs of American Indian students more effectively based on the State Board's strategies, policies, and information.
- (3) ~~To prepare an annual present and share the annual report on a fiscal year basis on the status of Indian education, said report to be presented to the State Board of Education and to the various Indian tribal organizations with the Indian Tribes and Indian organizations referenced in Article 71A of the General Statutes and organizations holding membership on the North Carolina State Commission of Indian Affairs pursuant to G.S. 143B-407 at the statewide Indian Unity Conference; Conference and with the North Carolina State Commission of Indian Affairs, along with an action plan based on recommendations.~~
- (4) ~~To work closely with the Division of Indian Education in the Department of Public Instruction; Instruction, Tribal Leaders, and Title VII Coordinators to improve coordination and communication between and among programs; programs.~~
- (4a) To improve consultations among the State Board of Education, the Department of Public Instruction, and American Indian tribal communities, students, parents, and educators.
- (5) To advise the State Board of Education on any other aspect of American Indian education when requested by the State Board to do so."



SECTION 2. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:17 p.m. this 18th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-355
SENATE BILL 337**

AN ACT TO CREATE THE NORTH CAROLINA CHARTER SCHOOLS ADVISORY BOARD AND MAKE OTHER CHANGES TO CHARTER SCHOOL LAWS.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 115C-238.29A reads as rewritten:

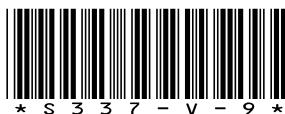
"§ 115C-238.29A. ~~Purpose.~~Purpose of charter schools and establishment of North Carolina Charter Schools Advisory Board.

(a) Purpose of Charter Schools. – The purpose of this Part is to authorize a system of charter schools to provide opportunities for teachers, parents, pupils, and community members to establish and maintain schools that operate independently of existing schools, as a method to accomplish all of the following:

- (1) Improve student learning;
- (2) Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are identified as at risk of academic failure or academically gifted;
- (3) Encourage the use of different and innovative teaching methods;
- (4) Create new professional opportunities for teachers, including the opportunities to be responsible for the learning program at the school site;
- (5) Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; and
- (6) Hold the schools established under this Part accountable for meeting measurable student achievement results, and provide the schools with a method to change from rule-based to performance-based accountability systems.

(b) North Carolina Charter Schools Advisory Board. – There is created the North Carolina Charter Schools Advisory Board, hereinafter referred to in this Part as the Advisory Board. The Advisory Board shall be located administratively within the Department of Public Instruction and shall report to the State Board of Education.

- (1) Membership. – The State Superintendent of Public Instruction, or the Superintendent's designee, shall be the secretary of the Advisory Board and a nonvoting member. The Advisory Board shall consist of the following 11 voting members:
 - a. Three members appointed by the Governor, including the chair of the Advisory Board.
 - b. Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, in accordance with G.S. 120-121.
 - c. Three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, in accordance with G.S. 120-121.
 - d. One member appointed by the State Board of Education.
 - e. The Lieutenant Governor or the Lieutenant Governor's designee.
- (2) Covered board. – The Advisory Board shall be treated as a board for purposes of Chapter 138A of the General Statutes.
- (3) Qualifications of members. – Members appointed to the Advisory Board shall collectively possess strong experience and expertise in public and



nonprofit governance, management and finance, assessment, curriculum and instruction, public charter schools, and public education law. All appointed members of the Advisory Board shall have demonstrated an understanding of and a commitment to charter schools as a strategy for strengthening public education.

- (4) Terms of office and vacancy appointments. – Appointed members shall serve four-year terms of office beginning on July 1. No appointed member shall serve more than eight consecutive years. Vacancy appointments shall be made by the appointing authority for the remainder of the term of office.
- (5) Presiding officers and quorum. – The Advisory Board shall annually elect a vice-chair from among its membership. The chair shall preside over the Advisory Board's meetings. In the absence of the chair, the vice-chair shall preside over the Advisory Board's meetings. A majority of the Advisory Board constitutes a quorum.
- (6) Meetings. – Meetings of the Advisory Board shall be held upon the call of the chair or the vice-chair with the approval of the chair.
- (7) Expenses. – Members of the Advisory Board shall be reimbursed for travel and subsistence expenses at the rates allowed to State officers and employees by G.S. 138-6(a).
- (8) Removal. – Any appointed member of the Advisory Board may be removed by a vote of at least two-thirds of the members of the Advisory Board at any duly held meeting for any cause that renders the member incapable or unfit to discharge the duties of the office.
- (9) Powers and duties. – The Advisory Board shall have the following duties:
 - a. To make recommendations to the State Board of Education on the adoption of rules regarding all aspects of charter school operation, including time lines, standards, and criteria for acceptance and approval of applications, monitoring of charter schools, and grounds for revocation of charters.
 - b. To review applications and make recommendations to the State Board for final approval of charter applications.
 - c. To make recommendations to the State Board on actions regarding a charter school, including renewals of charters, nonrenewals of charters, and revocations of charters.
 - d. To undertake any other duties and responsibilities as assigned by the State Board."

SECTION 1.(b) G.S. 115C-238.29B reads as rewritten:

"§ 115C-238.29B. Eligible applicants; contents of applications; submission of applications for approval.

(a) ~~Any person, group of persons, or~~ nonprofit corporation seeking to establish a charter school may apply to establish a charter school. If the applicant seeks to convert a public school to a charter school, the application shall include a statement signed by a majority of the teachers and instructional support personnel currently employed at the school indicating that they favor the conversion and evidence that a significant number of parents of children enrolled in the school favor conversion.

(b) The application shall contain at least the following information:

- (1) A description of a program that implements one or more of the purposes in G.S. 115C-238.29A.
- (2) A description of student achievement goals for the school's educational program and the method of demonstrating that students have attained the skills and knowledge specified for those student achievement goals.
- (3) The governance structure of the school including the names of the ~~proposed~~ initial members of the board of directors of the nonprofit, tax-exempt corporation and the process to be followed by the school to ensure parental involvement.
- (3a) The local school administrative unit in which the school will be located.
- (4) Admission policies and procedures.
- (5) A proposed budget for the school and evidence that the financial plan for the school is economically sound.

- (6) Requirements and procedures for program and financial audits.
 - (7) A description of how the school will comply with G.S. 115C-238.29F.
 - (8) Types and amounts of insurance coverage, including bonding insurance for the principal officers of the school, to be obtained by the charter school.
 - (9) The term of the charter.
 - (10) The qualifications required for individuals employed by the school.
 - (11) The procedures by which students can be excluded from the charter school and returned to a public school. Notwithstanding any law to the contrary, any local board may refuse to admit any student who is suspended or expelled from a charter school due to actions that would lead to suspension or expulsion from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.
 - (12) The number of students to be served, which number shall be at least 65, and the minimum number of teachers to be employed at the school, which number shall be at least three. However, the charter school may serve fewer than 65 students or employ fewer than three teachers if the application contains a compelling reason, such as the school would serve a geographically remote and small student population.
 - (13) Information regarding the facilities to be used by the school and the manner in which administrative services of the school are to be provided.
 - (14) Repealed by Session Laws 1997-430, s. 1.
- (e) ~~An applicant shall submit the application to a chartering entity for preliminary approval. A chartering entity may be:~~
- (1) ~~The local board of education of the local school administrative unit in which the charter school will be located;~~
 - (2) ~~The board of trustees of a constituent institution of The University of North Carolina, so long as the constituent institution is involved in the planning, operation, or evaluation of the charter school; or~~
 - (3) ~~The State Board of Education.~~
- Regardless of which chartering entity receives the application for preliminary approval, the State Board of Education shall have final approval of the charter school.
- Notwithstanding the provisions of this subsection, if the State Board of Education finds that an applicant (i) submitted an application to a local board of education and received final approval from the State Board of Education, but (ii) is unable to find a suitable location within that local school administrative unit to operate, the State Board of Education may authorize the charter school to operate within an adjacent local school administrative unit for one year only. The charter school cannot operate for more than one year unless it reapplies, in accordance with subdivision (1), (2), or (3) of this subsection, and receives final approval from the State Board of Education.
- (d) ~~Unless an applicant submits its application under subsection (e) of this section to the local board of education of the local school administrative unit in which the charter school will be located, the applicant shall submit a copy of its application to that local board within seven days of its submission under subsection (e) of this section. The local board may offer any information or comment concerning the application it considers appropriate to the chartering entity. The local board shall deliver this information to the chartering entity no later than January 1 of the next calendar year. The applicant shall not be required to obtain or deliver this information to the chartering entity on behalf of the local board. The State Board shall consider any information or comment it receives from a local board and shall consider the impact on the local school administrative unit's ability to provide a sound basic education to its students when determining whether to grant preliminary and final approval of the charter school.~~
- (e) The State Board shall establish reasonable fees of no less than five hundred dollars (\$500.00) and no more than one thousand dollars (\$1,000) for initial and renewal charter applications, in accordance with Article 2A of Chapter 150B of the General Statutes. No application fee shall be refunded in the event the application is rejected or the charter is revoked."

SECTION 1.(c) G.S. 115C-238.29C is repealed.

SECTION 1.(d) G.S. 115C-238.29D reads as rewritten:

"§ 115C-238.29D. Final approval of applications for charter schools.

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(a) The State Board may grant final approval of an application if it finds (i) that the application meets the requirements set out in this Part ~~and such other requirements as may be adopted by the State Board of Education~~Education, (ii) that the applicant has the ability to operate the school and would be likely to operate the school in an educationally and economically sound manner, and (iii) that granting the application would achieve one or more of the purposes set out in G.S. 115C-238.29A. The State Board shall act by ~~March~~January 15 of a calendar year on all applications and appeals it receives prior to ~~February 15~~a date established by the Office of Charter Schools for receipt of applications in the prior of that calendar year. In reviewing applications for the establishment of charter schools within a local school administrative unit, the State Board is encouraged to give preference to applications that demonstrate the capability to provide comprehensive learning experiences to students identified by the applicants as at risk of academic failure.

(b) Repealed by Session Laws 2011-164, s. 2(a), effective July 1, 2011.

(c) The State Board of Education may authorize a school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. The State Board shall not allocate any funds to the school until the school has obtained space.

(d) The State Board of Education may grant the initial charter for a period not to exceed 10 years and may renew the charter upon the request of the chartering entity for subsequent periods not to exceed 10 years each. The State Board of Education shall review the operations of each charter school at least once every five years to ensure that the school is meeting the expected academic, financial, and governance standards.

A material revision of the provisions of a charter application shall be made only upon the approval of the State Board of Education.

It shall not be considered a material revision of a charter application and shall not require the prior approval of the State Board for a charter school to increase its enrollment during the charter school's second year of operation and annually thereafter (i) by up to twenty percent (20%) of the school's previous year's enrollment or (ii) in accordance with planned growth as authorized in the charter. Other enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than twenty percent (20%) only if the State Board finds ~~that all of the following~~:

- (1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized ~~enrollment; enrollment.~~
- (2) The charter school has commitments for ninety percent (90%) of the requested maximum ~~growth; growth.~~
- (3) ~~The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its students;~~
- (4) The charter school is not currently identified as ~~low-performing; low-performing.~~
- (5) The charter school meets generally accepted standards of fiscal ~~management; and management.~~
- (6) It is otherwise appropriate to approve the enrollment growth."

SECTION 1.(e) G.S. 115C-238.29E reads as rewritten:

"§ 115C-238.29E. Charter school operation.

(a) A charter school that is approved by the State shall be a public school within the local school administrative unit in which it is located. ~~It shall be accountable to the local board of education if it applied for and received preliminary approval from that local board for purposes of ensuring compliance with applicable laws and the provisions of its charter. All other charter schools shall be accountable to the State Board for ensuring compliance with applicable laws and the provisions of their charters, except that any of these charter schools may agree to be accountable to the local board of the school administrative unit in which the charter school is located rather than to the State Board.~~charters.

(b) A charter school shall be operated by a private nonprofit corporation that shall have received federal tax-exempt status no later than 24 months following final approval of the application.

(c) A charter school shall operate under the written charter signed by the ~~entity to which it is accountable under subsection (a) of this section~~State Board and the applicant. A charter

school is not required to enter into any other contract. The charter shall incorporate the information provided in the application, as modified during the charter approval process, and any terms and conditions imposed on the charter school by the State Board of Education. No other terms may be imposed on the charter school as a condition for receipt of local funds.

(d) The board of directors of the charter school shall decide matters related to the operation of the school, including budgeting, curriculum, and operating procedures.

(e) A charter school's specific location shall not be prescribed or limited by a local board or other authority except a zoning authority. The school may lease space from a local board of education or as is otherwise lawful in the local school administrative unit in which the charter school is located. If a charter school leases space from a sectarian organization, the charter school classes and students shall be physically separated from any parochial students, and there shall be no religious artifacts, symbols, iconography, or materials on display in the charter school's entrance, classrooms, or hallways. Furthermore, if a charter school leases space from a sectarian organization, the charter school shall not use the name of that organization in the name of the charter school.

At the request of the charter school, the local board of education of the local school administrative unit in which the charter school will be located shall lease any available building or land to the charter school unless the board demonstrates that the lease is not economically or practically feasible or that the local board does not have adequate classroom space to meet its enrollment needs. Notwithstanding any other law, a local board of education may provide a school facility to a charter school free of charge; however, the charter school is responsible for the maintenance of and insurance for the school facility. If a charter school has requested to lease available buildings or land and is unable to reach an agreement with the local board of education, the charter school shall have the right to appeal to the board of county commissioners in which the building or land is located. The board of county commissioners shall have the final decision-making authority on the leasing of the available building or land.

(f) Except as provided in this Part and pursuant to the provisions of its charter, a charter school is exempt from statutes and rules applicable to a local board of education or local school administrative unit."

SECTION 1.(f) G.S. 115C-238.29F reads as rewritten:

"§ 115C-238.29F. General requirements.

(a) Health and Safety Standards. – A charter school shall meet the same health and safety requirements required of a local school administrative unit. The Department of Public Instruction shall ensure that charter schools provide parents and guardians with information about meningococcal meningitis and influenza and their vaccines at the beginning of every school year. This information shall include the causes, symptoms, and how meningococcal meningitis and influenza are spread and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Department of Public Instruction shall also ensure that charter schools provide parents and guardians with information about cervical cancer, cervical dysplasia, human papillomavirus, and the vaccines available to prevent these diseases. This information shall be provided at the beginning of the school year to parents of children entering grades five ~~though~~ through 12. This information shall include the causes and symptoms of these diseases, how they are transmitted, how they may be prevented by vaccination, including the benefits and possible side effects of vaccination, and the places where parents and guardians may obtain additional information and vaccinations for their children.

The Department of Public Instruction shall also ensure that charter schools provide students in grades nine through 12 with information annually on the manner in which a parent may lawfully abandon a newborn baby with a responsible person, in accordance with G.S. 7B-500.

The Department of Public Instruction shall also ensure that the guidelines for individual diabetes care plans adopted by the State Board of Education under G.S. 115C-12(31) are implemented in charter schools in which students with diabetes are enrolled and that charter schools otherwise comply with the provisions of G.S. 115C-375.3.

(b) School Nonsectarian. – A charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations and shall not charge tuition or fees, except that a charter school may charge any fees that are charged by the local school administrative unit in which the charter school is located. A charter school shall not be affiliated with a nonpublic sectarian school or a religious institution.

(c) Civil Liability and Insurance. –

- (1) The board of directors of a charter school may sue and be sued. The State Board of Education shall adopt rules to establish reasonable amounts and types of liability insurance that the board of directors shall be required by the charter to obtain. The board of directors shall obtain at least the amount of and types of insurance required by these rules to be included in the charter. Any sovereign immunity of the charter school, of the organization that operates the charter school, or its members, officers, or directors, or of the employees of the charter school or the organization that operates the charter school, is waived to the extent of indemnification by insurance.
 - (2) No civil liability shall attach to ~~any chartering entity, to~~ the State Board of Education, or to any of their members or employees, individually or collectively, for any acts or omissions of the charter school.
- (d) Instructional Program. –
- (1) The school shall provide instruction each year for at least 185 days or 1,025 hours over nine calendar months.
 - (2) The school shall design its programs to at least meet the student performance standards adopted by the State Board of Education and the student performance standards contained in the charter.
 - (3) A charter school shall conduct the student assessments required ~~for charter schools~~ by the State Board of Education.
 - (4) The school is subject to and shall comply with Article 9 of Chapter 115C of the General Statutes and The Individuals with Disabilities Education Improvements Act, 20 U.S.C. § 1400, et seq., (2004), as amended,~~shall comply with policies adopted by the State Board of Education for charter schools relating to the education of children with disabilities.~~
 - (5) The school is subject to and shall comply with Article 27 of Chapter 115C of the General Statutes, except that a charter school may also exclude a student from the charter school and return that student to another school in the local school administrative unit in accordance with the terms of its ~~charter~~ charter after due process.
- (d1) Reading Proficiency and Student Promotion. –
- (1) Students in the third grade shall be retained if the student fails to demonstrate reading proficiency by reading at or above the third grade level as demonstrated by the results of the State-approved standardized test of reading comprehension administered to third grade students. The charter school shall provide reading interventions to retained students to remediate reading deficiency, which may include 90 minutes of daily, uninterrupted, evidence-based reading instruction, accelerated reading classes, transition classes containing third and fourth grade students, and summer reading camps.
 - (2) Students may be exempt from mandatory retention in third grade for good cause but shall continue to receive instructional supports and services and reading interventions appropriate for their age and reading level. Good cause exemptions shall be limited to the following:
 - a. Limited English Proficient students with less than two years of instruction in an English as a Second Language program.
 - b. Students with disabilities, as defined in G.S. 115C-106.3(1), whose individualized education program indicates the use of alternative assessments and reading interventions.
 - c. Students who demonstrate reading proficiency appropriate for third grade students on an alternative assessment of reading comprehension. The charter school shall notify the State Board of Education of the alternative assessment used to demonstrate reading proficiency.
 - d. Students who demonstrate, through a student reading portfolio, reading proficiency appropriate for third grade students.
 - e. Students who have (i) received reading intervention and (ii) previously been retained more than once in kindergarten, first, second, or third grades.

- (3) The charter school shall provide notice to parents and guardians when a student is not reading at grade level. The notice shall state that if the student's reading deficiency is not remediated by the end of third grade, the student shall be retained unless he or she is exempt from mandatory retention for good cause. Notice shall also be provided to parents and guardians of any student who is to be retained under this subsection of the reason the student is not eligible for a good cause exemption, as well as a description of proposed reading interventions that will be provided to the student to remediate identified areas of reading deficiency.
- (4) The charter school shall annually publish on the charter school's Web site and report in writing to the State Board of Education by September 1 of each year the following information on the prior school year:
 - a. The number and percentage of third grade students demonstrating and not demonstrating reading proficiency on the State-approved standardized test of reading comprehension administered to third grade students.
 - b. The number and percentage of third grade students not demonstrating reading proficiency and who do not return to the charter school for the following school year.
 - c. The number and percentage of third grade students who take and pass the alternative assessment of reading comprehension.
 - d. The number and percentage of third grade students retained for not demonstrating reading proficiency.
 - e. The number and percentage of third grade students exempt from mandatory third grade retention by category of exemption as listed in subdivision (2) of this subsection.
- (e) Employees. –
 - (1) An employee of a charter school is not an employee of the local school administrative unit in which the charter school is located. The charter school's board of directors shall employ and contract with necessary teachers to perform the particular service for which they are employed in the school; at least ~~seventy-five~~fifty percent ~~(75%)~~(50%) of these teachers ~~in grades kindergarten through five, at least fifty percent (50%) of these teachers in grades six through eight, and at least fifty percent (50%) of these teachers in grades nine through 12 shall hold teacher certificates/licenses.~~ All teachers ~~in grades six through 12~~ who are teaching in the core subject areas of mathematics, science, social studies, and language arts shall be college graduates.
 The board also may employ necessary employees who are not required to hold teacher ~~certificates/licenses~~ to perform duties other than teaching and may contract for other services. The board may discharge teachers and ~~noncertificated nonlicensed~~ employees.
 - (2) No local board of education shall require any employee of the local school administrative unit to be employed in a charter school.
 - (3) If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at a charter school, the local school administrative unit shall grant the leave for one year. For the initial year of a charter school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of a charter school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or a request to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that school board under this subdivision. A teacher who has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at a charter school may return to a public school in the local school administrative unit with career status at the end of the leave.

absence or upon the end of employment at the charter school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers and that teacher shall have priority on all positions for which that teacher is qualified in accordance with G.S. 115C-325(e)(2).

- (4) The employees of the charter school shall be deemed employees of the local school administrative unit for purposes of providing certain State-funded employee benefits, including membership in the Teachers' and State Employees' Retirement System and the State Health Plan for Teachers and State Employees. The State Board of Education provides funds to charter schools, approves the original members of the boards of directors of the charter schools, has the authority to grant, supervise, and revoke charters, and demands full accountability from charter schools for school finances and student performance. Accordingly, it is the determination of the General Assembly that charter schools are public schools and that the employees of charter schools are public school employees. Employees of a charter school whose board of directors elects to become a participating employer under G.S. 135-5.3 are "teachers" for the purpose of membership in the North Carolina Teachers' and State Employees' Retirement System. In no event shall anything contained in this Part require the North Carolina Teachers' and State Employees' Retirement System to accept employees of a private employer as members or participants of the System.
- (5) Education employee associations shall have equal access to charter school employees as provided in G.S. 115C-335.9.

(e1) Criminal History Checks. –

- (1) If the local board of education of the local school administrative unit in which a charter school is located has adopted a policy requiring criminal history checks under G.S. 115C-332, then the board of directors of each charter school located in that local school administrative unit shall adopt a policy mirroring the local board of education policy that requires an applicant for employment to be checked for a criminal history, as defined in G.S. 115C-332. Each charter school board of directors shall apply its policy uniformly in requiring applicants for employment to be checked for a criminal history before the applicant is given an unconditional job offer. A charter school board of directors may employ an applicant conditionally while the board is checking the person's criminal history and making a decision based on the results of the check.
- (2) There shall be no liability for negligence on the part of the State Board of Education or the board of directors of the charter school, or their employees, arising from any act taken or omission by any of them in carrying out the provisions of this subsection. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

(f) Accountability. –

- (1) The school is subject to the financial audits, the audit procedures, and the audit requirements adopted by the State Board of Education for charter schools. These audit requirements may include the requirements of the School Budget and Fiscal Control Act.
- (2) The school shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.
- (3) The school shall report at least annually to the ~~chartering entity and the State Board of Education~~ the information required by the ~~chartering entity or the State Board~~.

534 (g) Admission Requirements. –

- (1) Any child who is qualified under the laws of this State for admission to a public school is qualified for admission to a charter school.
- (2) No local board of education shall require any student enrolled in the local school administrative unit to attend a charter school.
- (3) Admission to a charter school shall not be determined according to the school attendance area in which a student resides, except that any local school administrative unit in which a public school converts to a charter school shall give admission preference to students who reside within the former attendance area of that school.
- (4) Admission to a charter school shall not be determined according to the local school administrative unit in which a student resides.
- (5) A charter school shall not discriminate against any student on the basis of ethnicity, national origin, gender, or disability. Except as otherwise provided by law or the mission of the school as set out in the charter, the school shall not limit admission to students on the basis of intellectual ability, measures of achievement or aptitude, athletic ability, disability, race, creed, gender, national origin, religion, or ancestry. The charter school may give enrollment priority to siblings of currently enrolled students who were admitted to the charter school in a previous year and to children of the school's principal, teachers, and teacher assistants. In addition, and only for its first year of operation, the charter school may give enrollment priority to children of the initial members of the charter school's board of directors, so long as (i) these children are limited to no more than ten percent (10%) of the school's total enrollment or to 20 students, whichever is less, and (ii) the charter school is not a former public or private school. If multiple birth siblings apply for admission to a charter school and a lottery is needed under G.S. 115C-238.29F(g)(6), the charter school shall enter one surname into the lottery to represent all of the multiple birth siblings. If that surname of the multiple birth siblings is selected, then all of the multiple birth siblings shall be admitted. Within one year after the charter school begins operation, the population of the school shall reasonably reflect the racial and ethnic composition of the general population residing within the local school administrative unit in which the school is located or the racial and ethnic composition of the special population that the school seeks to serve residing within the local school administrative unit in which the school is located. The school shall be subject to any court-ordered desegregation plan in effect for the local school administrative unit.
- (6) During each period of enrollment, the charter school shall enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, students shall be accepted by lot. Once enrolled, students are not required to reapply in subsequent enrollment periods.
- (7) Notwithstanding any law to the contrary, a charter school may refuse admission to any student who has been expelled or suspended from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

(h) Transportation. – The charter school may provide transportation for students enrolled at the school. The charter school shall develop a transportation plan so that transportation is not a barrier to any student who resides in the local school administrative unit in which the school is located. The charter school is not required to provide transportation to any student who lives within one and one-half miles of the school. At the request of the charter school and if the local board of the local school administrative unit in which the charter school is located operates a school bus system, then that local board may contract with the charter school to provide transportation in accordance with the charter school's transportation plan to students who reside in the local school administrative unit and who reside at least one and one-half miles of the charter school. A local board may charge the charter school a reasonable charge that is sufficient to cover the cost of providing this transportation. Furthermore, a local board may refuse to provide transportation under this subsection if it demonstrates there is no

available space on buses it intends to operate during the term of the contract or it would not be practically feasible to provide this transportation.

(i) Assets. – Upon dissolution of the charter school or upon the nonrenewal of the charter, all net assets of the charter school purchased with public funds shall be deemed the property of the local school administrative unit in which the charter school is located.

(j) Driving Eligibility Certificates. – In accordance with rules adopted by the State Board of Education, the designee of the school's board of directors shall do all of the following:

- (1) Sign driving eligibility certificates that meet the conditions established in G.S. 20-11.
- (2) Obtain the necessary written, irrevocable consent from parents, guardians, or emancipated juveniles, as appropriate, in order to disclose information to the Division of Motor Vehicles.
- (3) Notify the Division of Motor Vehicles when a student who holds a driving eligibility certificate no longer meets its conditions.

(k) The Display of the United States and North Carolina Flags and the Recitation of the Pledge of Allegiance. – A charter school shall (i) display the United States and North Carolina flags in each classroom when available, (ii) require the recitation of the Pledge of Allegiance on a daily basis, and (iii) provide age-appropriate instruction on the meaning and historical origins of the flag and the Pledge of Allegiance. A charter school shall not compel any person to stand, salute the flag, or recite the Pledge of Allegiance. If flags are donated or are otherwise available, flags shall be displayed in each classroom.

(l) North Carolina School Report Cards. – A charter school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A charter school shall ensure that the overall school performance score and grade earned by the charter school for the current and previous four school years is prominently displayed on the school Web site. If a charter school is awarded a grade of D or F, the charter school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

SECTION 1.(g) G.S. 115C-238.29G reads as rewritten:

"§ 115C-238.29G. Causes for nonrenewal or termination; disputes.

(a) ~~The State Board of Education, or a chartering entity subject to the approval of the State Board of Education, Education may terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board terminate or not renew a charter upon any of the following grounds:~~

- (1) Failure to meet the requirements for student performance contained in the charter;
- (2) Failure to meet generally accepted standards of fiscal management;
- (3) Violations of law;
- (4) Material violation of any of the conditions, standards, or procedures set forth in the charter;
- (5) Two-thirds of the faculty and instructional support personnel at the school request that the charter be terminated or not renewed; or
- (6) Other good cause identified.

(a1) The State Board shall adopt criteria for adequate performance by a charter school and shall identify charter schools with inadequate performance. The criteria shall include a requirement that a charter school which demonstrates no growth in student performance and has annual performance composites below sixty percent (60%) in any two years in a three-year period is inadequate.

- (1) If a charter school is inadequate in the first five years of the charter, the charter school shall develop a strategic plan to meet specific goals for student performance that are consistent with State Board criteria and the mission approved in the charter school. The strategic plan shall be reviewed and approved by the State Board. The State Board is authorized to terminate or not renew a charter for failure to demonstrate improvement under the strategic plan.
- (2) If a charter school is inadequate and has had a charter for more than five years, the State Board is authorized to terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board. ~~terminate or not renew the charter.~~ The State

Board shall develop rules on the assumption of a charter by a new entity that include all aspects of the operations of the charter school, including the status of the employees. Public assets would transfer to the new entity and not revert to the local school administrative unit in which the charter school is located pursuant to G.S. 115C-238.29F(i).

(b) The State Board of Education shall develop and implement a process to address contractual and other grievances between a charter school and ~~its chartering entity or the local board of education~~ during the time of its charter.

(c) The State Board and the charter school are encouraged to make a good-faith attempt to resolve the differences that may arise between them. They may agree to jointly select a mediator. The mediator shall act as a neutral facilitator of disclosures of factual information, statements of positions and contentions, and efforts to negotiate an agreement settling the differences. The mediator shall, at the request of either the State Board or a charter school, commence a mediation immediately or within a reasonable period of time. The mediation shall be held in accordance with rules and standards of conduct adopted under Chapter 7A of the General Statutes governing mediated settlement conferences but modified as appropriate and suitable to the resolution of the particular issues in disagreement.

Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation proceedings shall be conducted in private. Evidence of statements made and conduct occurring in a mediation are not subject to discovery and are inadmissible in any court action. However, no evidence otherwise discoverable is inadmissible merely because it is presented or discussed in a mediation. The mediator shall not be compelled to testify or produce evidence concerning statements made and conduct occurring in a mediation in any civil proceeding for any purpose, except disciplinary hearings before the State Bar or any agency established to enforce standards of conduct for mediators. The mediator may determine that an impasse exists and discontinue the mediation at any time. The mediator shall not make any recommendations or public statement of findings or conclusions. The State Board and the charter school shall share equally the mediator's compensation and expenses. The mediator's compensation shall be determined according to rules adopted under Chapter 7A of the General Statutes."

SECTION 1.(h) G.S. 115C-238.29H reads as rewritten:

"§ 115C-238.29H. State and local funds for a charter school.

(a) The State Board of Education shall allocate to each charter school:

- (1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the charter school is located for each child attending the charter school except for the allocation for children with disabilities and for the allocation for children with limited English proficiency;
- (2) An additional amount for each child attending the charter school who is a child with disabilities; and
- (3) An additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board.

In accordance with G.S. 115C-238.29D(d), the State Board shall allow for annual adjustments to the amount allocated to a charter school based on its enrollment growth in school years subsequent to the initial year of operation.

In the event a child with disabilities leaves the charter school and enrolls in a public school during the first 60 school days in the school year, the charter school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a charter school during the first 60 school days in the school year, the State Board shall allocate to the charter school the pro rata amount of additional funds for children with disabilities.

(a1) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for ~~facilities or equipment~~ facilities, equipment, or operations. However, State funds shall not be used to obtain any other interest in real property or mobile classroom units. No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions. ~~Every~~

contract or lease into which a charter school enters shall include the previous sentence. The school also may own land and buildings it obtains through non-State sources.

(b) If a student attends a charter school, the local school administrative unit in which the child resides shall transfer to the charter school an amount equal to the per pupil share of the local current expense ~~appropriation fund of to the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the charter school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and charter school may use the process for mediation of differences between the State Board and a charter school provided in G.S. 115C-238.29G(c) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a charter school located in the tax district for which these taxes are levied and in which the student resides.~~

(c) The local school administrative unit shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (b) of this section:

- (1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
- (2) The student membership numbers used to calculate the per pupil share of the local current expense fund.
- (3) How the per pupil share of the local current expense fund was calculated.

(d) Prior to commencing an action under subsection (b) of this section, the complaining party shall give the other party 15 days' written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (b) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than three years from the entry of any judgment."

SECTION 1.(i) G.S. 115C-238.29I reads as rewritten:

"§ 115C-238.29I. Notice of the charter school process; review of charter schools; Charter School Advisory Committee.schools.

(a) The State Board of Education shall distribute information announcing the availability of the charter school process described in this Part to each local school administrative unit and public postsecondary educational institution and, through press releases, to each major newspaper in the State.

(b) Repealed by Session Laws 1997-18, s. 15(i).

(c) The State Board of Education shall review and evaluate the educational effectiveness of the charter ~~school approaches~~ schools authorized under this Part and the effect of charter schools on the public schools in the local school administrative unit in which the charter schools are located. The Board shall report annually no later than January 1, 2002, 1 to the Joint Legislative Education Oversight Committee with recommendations to modify, expand, or terminate that approach. The Board shall base its recommendations predominantly on the following information: on the following:

- (1) The current and projected impact of charter schools on the delivery of services by the public schools.
- (2) Student academic progress in the charter schools as measured, where available, against the academic year immediately preceding the first academic year of the charter schools' operation.
- (3) Best practices resulting from charter school operations.
- (4) Other information the State Board considers appropriate.

(d) ~~The State Board of Education may establish a Charter School Advisory Committee to assist with the implementation of this Part. The Charter School Advisory Committee may (i) provide technical assistance to chartering entities or to potential applicants, (ii) review applications for preliminary approval, (iii) make recommendations as to whether the State Board should approve applications for charter schools, (iv) make recommendations as to whether the State Board should terminate or not renew a charter, (v) make recommendations concerning grievances between a charter school and its chartering entity, the State Board, or a local board, (vi) assist with the review under subsection (c) of this section, and (vii) provide any other assistance as may be required by the State Board.~~

(e) ~~Notwithstanding the dates set forth in this Part, the State Board of Education may establish an alternative time line for the submission of applications, preliminary approvals, criminal record checks, appeals, and final approvals so long as the Board grants final approval by March 15 of each calendar year."~~

SECTION 1.(j) G.S. 115C-238.29J is repealed.

SECTION 1.(k) G.S. 115C-238.29K is repealed.

SECTION 2.(a) G.S. 115C-426(c) reads as rewritten:

"(c) The uniform budget format shall require the following funds:

- (1) The State Public School Fund.
- (2) The local current expense fund.
- (3) The capital outlay fund.

In addition, other funds may be used to account for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal appropriations made directly to local school administrative units, and funds received for prekindergarten programs, and special programs. In addition, the appropriation or use of fund balance or interest income by a local school administrative unit shall not be construed as a local current expense ~~appropriation~~ appropriation included as a part of the local current expense fund.

Each local school administrative unit shall maintain those funds shown in the uniform budget format that are applicable to its operations."

SECTION 2.(b) G.S. 115C-448 reads as rewritten:

"§ 115C-448. Special funds of individual schools.

(a) The board of education shall appoint a treasurer for each school within the local school administrative unit that handles special funds. The treasurer shall keep a complete record of all moneys in his charge in such form and detail as may be prescribed by the finance officer of the local school administrative unit, and shall make such reports to the superintendent and finance officer of the local school administrative unit as they or the board of education may prescribe. Special funds of individual schools shall be deposited in an official depository of the local school administrative unit in special accounts to the credit of the individual school, and shall be paid only on checks or drafts signed by the principal of the school and the treasurer. The board of education may, in its discretion, waive the requirements of this section for any school which handles less than three hundred dollars (\$300.00) in any school year.

(b) Nothing in this section shall prevent the board of education from requiring that all funds of individual schools be deposited with and accounted for by the school finance officer. If this is done, these moneys shall be disbursed and accounted for in the same manner as other school funds except that the check or draft shall not bear the certificate of preaudit.

(c) For the purposes of this section, "special funds of individual schools" includes by way of illustration and not limitation funds realized from gate receipts of interscholastic athletic competition, sale of school annuals and newspapers, and dues of student organizations.

(d) Special funds of individual schools shall not be included as part of the local current expense fund of a local school administrative unit for the purposes of determining the per pupil share of the local current expense fund transferred to a charter school pursuant to G.S. 115C-238.29H(b)."

SECTION 3. G.S. 105-275 reads as rewritten:

"§ 105-275. Property classified and excluded from the tax base.

The following classes of property are designated special classes under Article V, Sec. 2(2), of the North Carolina Constitution and are excluded from tax:

- ...
- (46) Real property that is occupied by a charter school and is wholly and exclusively used for educational purposes as defined in G.S. 105-278.4(f) regardless of the ownership of the property."

SECTION 4. G.S. 143B-426.40A is amended by adding a new subsection to read:

"(m) Assignment of Funds Allocated by the State Board of Education to Charter Schools. – This section does not apply to assignments by charter schools to obtain funds for facilities, equipment, or operations pursuant to G.S. 115C-238.29H."

SECTION 5. Section 7.17(b) of S.L. 2010-31 is repealed.

SECTION 6. Notwithstanding G.S. 115C-238.29A, as amended by this act, initial appointments to the Advisory Board shall be made by the Governor, the General Assembly,

and the State Board of Education no later than August 1, 2013. Initial terms of office to the Advisory Board shall be as follows:

- (1) Two members appointed by the Governor, as designated by the Governor, shall be appointed to serve until June 30, 2015. One member appointed by the Governor, as designated by the Governor, shall be appointed to serve until June 30, 2017, including the chair.
- (2) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, as designated by the Speaker, shall be appointed to serve until June 30, 2015. Two members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, as designated by the Speaker, shall be appointed to serve until June 30, 2017.
- (3) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, as designated by the President Pro Tempore, shall be appointed to serve until June 30, 2015. Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, as designated by the President Pro Tempore, shall be appointed to serve until June 30, 2017.
- (4) One member appointed by the State Board of Education shall be appointed to serve until June 30, 2015.

SECTION 7. The North Carolina Charter School Advisory Council, as established by the State Board of Education on August 4, 2011, by Policy TCS-B-006, is abolished.

SECTION 8. Section 3 of this act is effective for taxes imposed for taxable years beginning on or after July 1, 2013. Section 7 of this act becomes effective August 1, 2013. The remainder of this act is effective when it becomes law. G.S. 115C-238.29H(d), as enacted by this act, applies to proceedings commenced on or after the effective date of this act. Nothing in this act shall be construed to affect pending litigation.

In the General Assembly read three times and ratified this the 24th day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:54 p.m. this 25th day of July, 2013

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-279
HOUSE BILL 176**

AN ACT TO AUTHORIZE CORVIAN COMMUNITY SCHOOL, AN EXISTING CHARTER SCHOOL, TO ELECT TO PARTICIPATE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding the time limitation contained in G.S. 135-5.3 and G.S. 135-48.54, the Board of Directors of Corvian Community School, a charter school located in Charlotte, may elect to become a participating employer in the Teachers' and State Employees' Retirement System in accordance with Article 1 of Chapter 135 of the General Statutes and may also elect to become a participating employing unit in the State Health Plan for Teachers and State Employees in accordance with Article 3B of Chapter 135 of the General Statutes. The elections authorized by this act shall be made no later than 30 days after the effective date of this act and shall be made in accordance with all other requirements of G.S. 135-5.3 and G.S. 135-48.54.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 9th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 6:12 p.m. this 18th day of July, 2013



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-249
HOUSE BILL 196**

AN ACT TO PROVIDE FOR VACANCIES ON THE WINSTON-SALEM/FORSYTH
COUNTY SCHOOL BOARD TO BE FILLED BY APPOINTMENT BY THE
REMAINING MEMBERS OF THE BOARD.

The General Assembly of North Carolina enacts:

SECTION 1. Section 2(a)(5)(iv) of Chapter 112, Session Laws of 1961, reads as rewritten:

"(iv) ~~All~~ Notwithstanding the provisions of G.S. 115C-37(f), all vacancies occurring during a term of office shall be filled by appointment by the Board of Commissioners of Forsyth County remaining members of the Winston-Salem/Forsyth County Board of Education for the unexpired portion of the term. term of the vacated seat."

SECTION 2. This act is effective when it becomes law and applies to vacancies on the Winston-Salem/Forsyth County Board of Education occurring on or after that date.

In the General Assembly read three times and ratified this the 9th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-251
HOUSE BILL 334**

**AN ACT AUTHORIZING BUNCOMBE COUNTY TO USE SOME LOTTERY FUNDS TO
EXPAND DIGITAL LEARNING IN THE PUBLIC SCHOOLS.**

Whereas, the North Carolina Education Lottery legislation requires the distribution of lottery net proceeds for specific education purposes, including 40% of the net proceeds to the Public School Building Capital Fund for school construction; and

Whereas, lottery funds may not currently be used for school connectivity, digital textbooks, digital devices, or professional development for teachers to learn how to most effectively use digital learning for teaching; and

Whereas, since the lottery's enactment in 2005, the innovation of digital learning and its growing use throughout schools in North Carolina have significantly altered the landscape of public education in the State; and

Whereas, while the lottery money is currently designated for other necessary education causes, the expansion of digital learning is also a crucial component to ensure North Carolina's students graduate from high school globally competitive for work and postsecondary education and prepared for life in the 21st Century; and

Whereas, Buncombe County has designated one-half of the local government sales and use tax revenue distributed to the County under Article 39 of Chapter 105 of the General Statutes to be used for school construction, improvement, and renovation; and

Whereas, Buncombe County currently has lottery funds on hand that are not needed for the purposes to which they are limited; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-546.2(d) reads as rewritten:

"(d) Monies transferred into the Fund in accordance with Chapter 18C of the General Statutes shall be allocated for capital projects for school construction projects as follows:

- (1) A sum equal to sixty-five percent (65%) of those monies transferred in accordance with G.S. 18C-164 shall be allocated on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education.
- (2) A sum equal to thirty-five percent (35%) of those monies transferred in accordance with G.S. 18C-164 shall be allocated to those local school administrative units located in whole or part in counties in which the effective county tax rate as a percentage of the State average effective tax rate is greater than one hundred percent (100%), with the following definitions applying to this subdivision:
 - a. "Effective county tax rate" means the actual county rate for the previous fiscal year, including any countywide supplemental taxes levied for the benefit of public schools, multiplied by a three-year weighted average of the most recent annual sales assessment ratio studies.
 - b. "State average effective tax rate" means the average effective county tax rates for all counties.
 - c. "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (3) No county shall have to provide matching funds required under subsection (c) of this section.



- (4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.
- (5) ~~A county may not use monies in this Fund to pay for school technology needs.~~ A county may use monies in this Fund for digital learning needs such as school connectivity, digital textbooks and instructional resources, digital devices, and associated ongoing professional development for teachers."

SECTION 2. This act applies only to Buncombe County.

SECTION 3. This act is effective when it becomes law and applies only to unencumbered funds received by the County prior to that date.

In the General Assembly read three times and ratified this the 9th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-220
HOUSE BILL 490**

**AN ACT TO CHANGE THE MANNER OF ELECTION FOR THE LEE COUNTY BOARD
OF EDUCATION AND FOR THE CITY OF SANFORD TO PARTISAN.**

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 852, Session Laws of 1973, as amended by Chapter 204 of the Session Laws of 1977 and Chapter 307 of the 1989 Session Laws, reads as rewritten:

"Section 1. The Lee County Board of Education shall consist of seven members, to be elected by the voters of the county on a ~~nonpartisan basis as herein provided,~~ partisan basis, who shall serve for a term of four years. The term of office of each member shall begin at the first regular meeting in ~~July~~ December in the year of his election, and each member shall serve until a successor has been elected and qualified.

..."Section 3. ~~At the primary election for county officers held for Lee County in 1974, there shall be elected three members of the Lee County Board of Education. At the primary election for county officers held in Lee County in 1976, there shall be elected four members of the Sanford-Lee County Board of Education. At the time for election of county officers in Lee County in 2014, there shall be elected three members of the Lee County Board of Education. At the time for election of county officers in Lee County in 2016, there shall be elected four members of the Lee County Board of Education.~~ Thereafter, biennially there shall be elected members of the Lee County Board of Education to succeed the members whose terms next expire."

SECTION 2. G.S. 115C-37.1(d) reads as rewritten:

"(d) This section shall apply only in the following counties: Alleghany, Brunswick, Graham, Lee, New Hanover, Vance, and Washington."

SECTION 3.(a) The Charter of the City of Sanford, being Chapter 650 of the 1967 Session Laws, as amended by Chapter 541 of the Session Laws of 1971, Chapter 403 of the Session Laws of 1987, and S.L. 1997-245, is amended by adding a new section to read:

"Sec. 4.2. Manner of Election. The Mayor and City Council are elected on a partisan basis in accordance with Article 24 of Chapter 163 of the General Statutes."

SECTION 3.(b) If approval of this section is required under Section 5 of the Voting Rights Act of 1965, this section is effective January 1, 2014.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-350
HOUSE BILL 491**

**AN ACT DIRECTING THE LEE COUNTY SHERIFF TO PROVIDE SCHOOL RESOURCE
OFFICERS TO THE LEE COUNTY SCHOOLS.**

The General Assembly of North Carolina enacts:

SECTION 1. This act applies to Lee County only.

SECTION 2. The Lee County Sheriff shall be responsible for providing school resource officers to the Lee County Schools. The Lee County Sheriff and the Lee County Board of Education shall enter into a memorandum of understanding for the provision of these services for the Lee County Schools. The Sheriff shall use funds appropriated by Lee County to the Sheriff's Office for school resource officers to provide school resource officers to the Lee County Schools.

SECTION 3. G.S. 74E-2 is amended by adding the following new subsection to read:

"(c) The Lee County Board of Education is decertified as a company police agency under this Chapter and shall not be recertified. The Lee County Board of Education shall not employ or contract with a company police agency certified under this Chapter."

SECTION 4. This act becomes effective August 1, 2013.

In the General Assembly read three times and ratified this the 25th day of July, 2013.

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-318
HOUSE BILL 523

AN ACT TO REDUCE THE SIZE OF THE PITT COUNTY BOARD OF EDUCATION FROM TWELVE MEMBERS TO NINE, TO PROVIDE FOR FOUR-YEAR TERMS RATHER THAN SIX-YEAR TERMS, AND TO SHORTEN THE TIME BETWEEN THE ELECTION OF MEMBERS OF THE PITT COUNTY BOARD OF EDUCATION AND WHEN THOSE MEMBERS TAKE OFFICE.

The General Assembly of North Carolina enacts:

SECTION 1. S.L. 2011-174 is repealed.

SECTION 2.(a) Section 1 of Chapter 193 of the 1987 Session Laws reads as rewritten:

"**Section 1.** Beginning ~~December 7, 1987,~~ in December 2014, the Pitt County Board of Education shall consist of ~~12 members, with two each elected from six districts in nonpartisan plurality elections,~~ nine members. Only voters residing in ~~a district~~ the county may vote for the ~~members from that district.~~ members."

SECTION 2.(b) Section 2 of Chapter 193 of the 1987 Session Laws is repealed.

SECTION 2.(c) Section 3 of Chapter 193 of the 1987 Session Laws is repealed.

SECTION 2.(d) Section 4 of Chapter 193 of the 1987 Session Laws reads as rewritten:

"**Sec. 4.** ~~After the initial election, elections shall be held in 1990 and subsequent~~ Elections shall be held in even-numbered years thereafter as terms expire, at the time of the regular election of county officers. ~~set by general State law for the election of county boards of education.~~ Members elected in 1990 and subsequent years shall take office at the time set by general State law and shall serve for terms of six ~~four~~ years."

SECTION 2.(e) This section becomes effective the first Monday in December 2014. In the 2014 election, the individual elected to fill the vacant seat for District 1, Seat A, for the remainder of the term shall serve a term of two years. In the 2014 election, three individuals shall be elected at large to serve a term of two years. This act does not affect the terms of office of any member elected in 2008 for a six-year term.

SECTION 3.(a) Section 1 of Chapter 193 of the 1987 Session Laws, as amended by Section 2(a) of this act, reads as rewritten:

"**Section 1.** Beginning in December 2014, the Pitt County Board of Education shall consist of nine members. Nine members shall be elected from single-member districts, as described in Section 5. Only voters residing in the ~~county~~ district may vote for the ~~members.~~ member from that district."

SECTION 3.(b) Section 5 of Chapter 193 of the 1987 Session Laws reads as rewritten:

"**Sec. 5.** The ~~six~~ nine single-member districts are as follows:

District 1: Pitt County: VTD: 1505A, VTD: 1505B, VTD: 1512A: Block(s) 1470006031000, 1470006031001, 1470006031002, 1470006031003, 1470006031004, 1470006031005, 1470006031006, 1470006031007, 1470006031008, 1470006031009, 1470006031010, 1470006031011, 1470006031012, 1470006031013, 1470006031014, 1470006031015, 1470006031016, 1470006031017, 1470006031018, 1470006031019, 1470006031020, 1470006031021, 1470006031022, 1470006031023, 1470006031024, 1470006031025, 1470006031026, 1470006031027, 1470006031028, 1470006031029, 1470006031030, 1470006031031, 1470006031032, 1470006031033, 1470006031034, 1470006031035, 1470006031036, 1470006031037, 1470006031038, 1470006031039, 1470006031040, 1470006031041, 1470006031042, 1470006031043, 1470006031044, 1470006031045,



1470006031046, 1470006031047, 1470006031048, 1470006031049, 1470006031050,
 1470006031051, 1470006031052, 1470006032000, 1470006032001, 1470006032002,
 1470006032003, 1470006032004, 1470006032005, 1470006032006, 1470006032007,
 1470006032008, 1470006032009, 1470006032010, 1470006032011, 1470006032012,
 1470006032013, 1470006032014, 1470006032015, 1470006032016, 1470006032017,
 1470006032018, 1470006032019, 1470006032020, 1470006032021, 1470006032022,
 1470006032023, 1470006032024, 1470006032025, 1470006032026, 1470006032027,
 1470006032028, 1470006032030, 1470006032031, 1470006032032, 1470006032033,
 1470006032034, 1470006032035, 1470006032036; VTD: 1512B.

District 2: Pitt County: VTD: 0101: Block(s) 1470016001000, 1470016001001,
 1470016001002, 1470016001003, 1470016001004, 1470016001005, 1470016001006,
 1470016001007, 1470016001008, 1470016001009, 1470016001010, 1470016001011,
 1470016001012, 1470016001013, 1470016001018, 1470016001020, 1470016001024,
 1470016001027, 1470016002016, 1470016002017, 1470016002018, 1470016002019,
 1470016002020, 1470016002021, 1470016002022, 1470016002023, 1470016002024,
 1470016002025, 1470016002026, 1470016002027, 1470016002028, 1470016002029,
 1470016002030, 1470016002031, 1470016002033, 1470016002034, 1470016003000,
 1470016003001, 1470016003002, 1470016003003, 1470016003004, 1470016003005,
 1470016003006, 1470016003007, 1470016003016, 1470016003017, 1470016003018,
 1470016003022, 1470016003025, 1470016003026, 1470017001008, 1470017001009,
 1470017001010, 1470017001012, 1470017001014, 1470017001016, 1470017001018,
 1470017001020, 1470017001057, 1470017001058, 1470017001059, 1470017001060,
 1470017001062, 1470017001063, 1470017001064, 1470017001067, 1470017001073,
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District 3: Pitt County: VTD: 0301, VTD: 0401, VTD: 0501, VTD: 1201: Block(s)
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SECTION 3.(c) This section becomes effective the first Monday in December 2016. In the 2016 election, all nine members of the board shall be elected. The five members receiving the lowest total number of votes each shall serve a term of four years. The four members receiving the highest total number of votes each shall serve a term of two years. All members elected in 2020 and thereafter shall serve a term of four years.

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 23rd day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-271
HOUSE BILL 537**

AN ACT TO PROVIDE FOR FOUR-YEAR TERMS RATHER THAN SIX-YEAR TERMS
FOR THE MEMBERS OF THE EDENTON-CHOWAN BOARD OF EDUCATION AND
CHANGE THE ELECTION SCHEDULE FOR ONE DISTRICT SEAT.

The General Assembly of North Carolina enacts:

SECTION 1. Section 1 of Chapter 974, Session Laws of 1973, as amended by Chapter 103 of the 1989 Session Laws, reads as rewritten:

"Section 1. The Edenton-Chowan Board of Education shall consist of seven members who shall serve for terms of ~~six~~four years each. In the general election to be held for county officers in ~~1990~~2014 and biennially thereafter, there shall be elected members of the Edenton-Chowan Board of Education to take the place of the members whose terms next expire. They shall be elected in accordance with this act and Chapter 30, Session Laws of 1967, to the extent that that act does not conflict with this act, and said election shall be non-partisan."

SECTION 2. Section 1.5 of Chapter 974, Session Laws of 1973, as amended by Chapter 103 of the 1989 Session Laws, reads as rewritten:

"Sec. 1.5. In ~~1990~~2014 and each ~~six~~four years thereafter, one member shall be elected ~~from seat 1 of District 2 and one member from seat 1 of District 3, 3 for six-year terms.~~a four-year term. In ~~1992~~2016 and each ~~six~~four years thereafter, one member shall be elected from seat 1 of District ~~1~~1, one member from seat 1 of District ~~2~~2, and one member from seat 2 of District 3, for ~~six-year~~four-year terms. In ~~1994~~2018 and each ~~six~~four years thereafter, one member shall be elected from seat 2 of District 1, one member from seat 2 of District 2, and one member at-large, for ~~six-year~~four-year terms."

SECTION 3. Notwithstanding any other provision of law, in the 2014 election, one member shall be elected to fill seat 1 of District 2 on the Edenton-Chowan Board of Education to serve a term of two years. In 2016 and each four years thereafter, one member shall be elected to fill seat 1 of District 2 for a four-year term in accordance with Section 1.5 of Chapter 974, Session Laws of 1973, as amended by Chapter 103 of the 1989 Session Laws and as amended by this act.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 18th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-257
HOUSE BILL 546**

AN ACT TO PROVIDE FOR THE TERM OF THE CHAIRPERSON FOR THE BOARD OF
TRUSTEES OF THE ROANOKE RAPIDS GRADED SCHOOL DISTRICT.

The General Assembly of North Carolina enacts:

SECTION 1. Section 7 of S.L. 2006-87 reads as rewritten:

"**SECTION 7.** The trustees at their first meeting in December of 2007 shall elect from among their number a ~~chairman~~chairperson who shall serve for the two following years, and that thereafter at the first meeting in December after each election they shall elect a ~~chairman~~chairperson to serve for the two following years ~~unless the present chairman's term has not expired.~~ until the chairperson's successor is elected."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 10th day of July, 2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives



**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-320
HOUSE BILL 870**

AN ACT TO DECREASE THE DUPLIN COUNTY BOARD OF EDUCATION AND THE BOARD OF COMMISSIONERS OF DUPLIN COUNTY TO A FIVE-MEMBER BOARD, TO ESTABLISH REVISED DISTRICTS FOR THOSE BOARDS, AND TO CONFIRM THAT REDISTRICTING REQUIREMENTS FOLLOWING EACH FEDERAL CENSUS APPLY TO THOSE BOARDS.

The General Assembly of North Carolina enacts:

SECTION 1. S.L. 2011-112 is repealed.

SECTION 2. Section 1 of Chapter 966 of the 1987 Session Laws reads as rewritten:

"Section 1. ~~Except as provided in Section 4 of this act following the 1988 elections the~~ Effective the first Monday in December of 2014, the Duplin County Board of Commissioners and Board of Education shall each consist of ~~six-five~~ members elected in partisan ~~elections~~ elections, one each from the ~~six-five~~ districts described in Section 8. Only voters who reside in a district may vote in the party primaries and general elections for that district."

SECTION 3. Section 5 of Chapter 966 of the 1987 Session Laws reads as rewritten:

"Sec. 5. ~~In 1990 and every four years thereafter, one commissioner each shall be elected from Districts II and III. In 1992 and every four years thereafter, one commissioner each shall be elected from Districts I, IV, V and VI. In 2014, one commissioner shall be elected from District II to a four-year term of office. In 2016, one commissioner shall be elected from District III to a two-year term of office, and one commissioner each shall be elected from Districts I, IV, and V to a four-year term of office. In 2018, and every four years thereafter, one commissioner each shall be elected from District II and District III. In 2020, and every four years thereafter, one commissioner each shall be elected from Districts I, IV, and V.~~"

SECTION 4. Section 6 of Chapter 966 of the 1987 Session Laws reads as rewritten:

"Sec. 6. ~~In 1988 and every four years thereafter, three members shall be elected to the Board of Education, one each from Districts I, V and VI. The three other members of the Board of Education shall be elected in 1990 and every four years thereafter. In those years one member each shall be elected from Districts II, III and IV. In 2014, and every four years thereafter, one member each shall be elected from Districts II and III. In 2016, and every four years thereafter, one member each shall be elected from Districts I, IV, and V.~~"

SECTION 5. Section 8 of Chapter 966 of the 1987 Session Laws reads as rewritten:

"Sec. 8. The election districts for the Duplin County Board of Commissioners and Board of Education are as follows:

~~**District I**—The area within the following boundary running counterclockwise from the intersection of Highway 403 with the Sampson County line: East on Highway 403 to the Faison town limits, southeast along the town limits to the intersection with Highway 117; south on 117 to State Road 1342, southwest on State 1342 (including the residences on both sides of the road) to State Road 1340, south on 1340 (including the residences on both sides of the road) to State Road 1341, southeast on 1341 (including the residences on both sides of the road) to the Warsaw town limits, continuing in a straight line southeast within Warsaw to the intersection with the Seaboard Coast Line railroad tracks, east on the railroad tracks to Front Street, south on Front to College Street, east on College to Pine Crest Drive, southeast on Pine Crest to the town limits, east and north along the town limits to the intersection at the eastern~~



town limit with State Road 1300, east on 1300 to State Road 1375, south on 1375 to Highways 50 and 24, east on 50/24 to the Kenansville town limits, north along the Kenansville town limits to a point directly west of and opposite Allen Street (now Cooper Street), from that point east to Allen (Cooper) Street, east on Allen (Cooper) to Stokes Street, south on Stokes to the intersection with Seminary Street, then along a straight line from the intersection of Stokes and Seminary south to the intersection of Mallard Street and Main Street, across that intersection and then along a straight line directly south from the intersection of Mallard and Main streets to the town limits, east and North along the town limits to the intersection at the eastern town limits with Highway 24, east on 24 to the Northeast Cape Fear River, north along the river (the township line dividing Kenansville and Smith Townships) to Goshen Swamp, then west along Goshen Swamp to the Sampson County line (Goshen Swamp being the township line dividing Kenansville and Glisson Townships and dividing Faison and Wolfscrape Townships up to a point just south of State Road 1357), then south along the county line to the starting point at Highway 403.

District II—The area within the following boundary running counterclockwise from the intersection of Goshen Swamp with the Sampson County line: Southeast along Goshen Swamp to Northeast Cape Fear River, south along the river to Highway 24, east on 24 to the Beulaville city limits, north and east along the city limits to the intersection of Highway 241 with the northern city limits, north on 241 to Limestone Creek, northeast along the creek and the township line between Smith and Limestone Townships to the Jones County line, then north and west along the county line back to the starting point.

District III—The area included within the following boundary running counterclockwise from the intersection of the Limestone Township line with the Jones County line: Southwest along the township line dividing Smith and Limestone Townships to Limestone Creek, southwest along the creek to Highway 241, south on 241 to the Beulaville town limits, west and south along the town limits to the intersection at the western town limits with Highway 24, east on Highway 24 (Main Street) to Jackson Street, south on Jackson to Cavanaugh Street, then directly east from Cavanaugh for 125 yards, south from that point to Turner Road (excluding Mercer Court apartments from this district), east on Turner to Old Chinquapin Road, south on Old Chinquapin Road to the town limits, west along the town limits to Highway 41, south on Highway 41 (including the residences on both sides of the highway in this district) to the intersection with State Road 1967, south on Highway 41 from that point to the intersection with Highway 111 (formerly State Road 1001), southeast along a straight line from that intersection to Cypress Creek just west of where the creek crosses State Road 1816, southwest along Cypress Creek to the point where it crosses Highway 50 and west with the creek from that point to State Road 1970, north on 1970 to the intersection with Highway 50, then counterclockwise in the shape of a rectangle around Chinquapin (to include all of Chinquapin in this district) to a point on Highways 50 and 41 west of Chinquapin, west from that point to State Road 1964, north on 1964 to the intersection with State Road 1800, then north and west from that intersection along a line curving north of Hallsville (to include all of Hallsville in this district) to a point west of Hallsville on the township line dividing Kenansville and Limestone Townships, south along that township line to the intersection of Highway 50 and State Road 1961, south on Highway 50 to State Road 1953, southwest on 1953 to the Greenevers town limits, southwest along the southern boundary of the Greenevers town limits to State Road 1949, south on 1949 to State Road 1953, south on 1953 to State Road 1947, southeast on 1947 to the intersection with Highway 41, west on Highway 41 to Island Creek, south along the creek to the Northeast Cape Fear River, south along the Northeast Cape Fear River to the county line, then east and north along the county line back to the starting point.

District IV—The area within the following boundary running counterclockwise from the intersection of Highway 117 with the northern town limits of Magnolia: West, south and east along the Magnolia town limits to the point where Highway 117 intersects with the southern town limits of Magnolia, south on 117 to First Street in Rose Hill, west on First Street to the Seaboard Coast Line railroad track, south along the railroad track to the southern town limits of Rose Hill, east along the town limits to the intersection with Highway 117, south on 117 to the town limits of Teachey, then east, south and west along the Teachey town limits (excluding all of Teachey from this district) to the intersection of Highway 117 with the southern town limits of Teachey, south on 117 to the Wallace town limits, then west, south and east along the Wallace town limits (including all of Wallace in this district) to the intersection of Highway 117 with the southern town limits of Wallace, south on 117 to Rockfish Creek

(which is the county line), east along Rockfish Creek to the Northeast Cape Fear River, north along the Northeast Cape Fear River to Island Creek (the boundary for District III), northwest along the creek to the point where it crosses Highway 41, east on Highway 41 to State Road 1947, north on 1947 to the intersection with State Road 1946, southwest along a straight line running from that intersection to the intersection of State Roads 1944 and 1945, west from that intersection along State Road 1944 to Highway 11, west on Highway 11 to State Road 1150, west on 1150 to the line where Interstate Highway 40 is to be constructed, north along the Interstate 40 construction line to the point where it crosses State Road 1162, west on 1162 to State Road 1935, north on 1935 to State Road 1148, east on 1148 to State Road 1933, north on 1933 to State Road 1102, west on 1102 to State Road 1932, north on 1932 to State Road 1996, northwest on 1996 to State Road 1141, northwest on 1141 to State Road 1915, northwest on 1915 to State Road 1911, then east, north and northwest on 1911 to a point midway between State Roads 1161 and 1912, then along a straight line from that point northwest to the southeast corner of the Magnolia town limits, then north and west along the town limits to the starting point where Highway 117 intersects with the northern town limits.

District V—The area within the following boundary running counterclockwise from the intersection of College Street and South Pine Street in Warsaw: South on South Pine (U.S. 117) to the Warsaw city limits, south on 117 to the Magnolia town limits, east and south along the town limits to the southeastern corner of the town limits, then southeast along a straight line to a point on State Road 1911 midway between State Roads 1161 and 1912, south on 1911 to State Road 1915, southeast on 1915 to State Road 1141, southeast on 1141 to State Road 1996, southeast on 1996 to State Road 1932, south on 1932 to State Road 1102, east on 1102 to State Road 1933, south on 1933 to State Road 1148, west on 1148 to State Road 1935, south on 1935 to State Road 1162, east on 1162 to the construction line for Interstate 40, south along the I-40 construction line to State Road 1150, east on 1150 to Highway 11, northeast on 11 to State Road 1944, east on 1944 to its intersection with State Road 1945, then northeast along a straight line from the intersection of 1944 and 1945 to the intersection of State Roads 1946 and 1947, northwest on 1947 to State Road 1948, northeast on 1948 to State Road 1953, northeast on 1953 to State Road 1949, east and north on 1949 to the Greenevers town limits, east along the southern town limits of Greenevers to State Road 1953, northeast on 1953 to Highway 50, northwest on 50 to the intersection with State Road 1961, northeast along the township line dividing Kenansville and Limestone Townships to a point midway between Persimmons Branch and State Road 1982, east from that point above Hallsville (excluding all of Hallsville from this district) and curving across State Road 1961 to the intersection of State Roads 1800 and 1964, south on 1964 to Highway 50, east on 50 about 2/10 mile to a point just west of Chinquapin, then north, east, south and west along a rectangle around Chinquapin (excluding all of Chinquapin from this district) to the intersection of Highway 50 and State Road 1970, south on 1970 to Cypress Creek, southeast along the creek to Highway 50 just west of Maready, then further along the creek northwest to a point just west of State Road 1816, then northwest in a straight line from that point to the intersection of Highway 41 and 111 (formerly State Road 1001), north on 41 to State Road 1967, then north on 41 (excluding the residences on both sides of 41 from this district) to the Beulaville town limits, east along the town limits to Old Chinquapin Road, north on Old Chinquapin Road to Turner Road, west on Turner to a point 125 yards from Highway 41, north from that point along a straight line parallel to 41 to a point opposite Cavanaugh Street (including in this district the Mercer Court apartments), west to the intersection of Cavanaugh and Jackson Street, north on Jackson to Highway 24 (Main Street), west on 24 to the Kenansville city limits, south and west along the city limits to a point directly south of the intersection of Mallard Street and Main Street, directly north on a straight line to the intersection of Mallard and Main, then along a straight line from that intersection to the intersection of Seminary Street and Stokes Street, northwest on Stokes to Allen (Cooper) Street, west on Allen (Cooper) to the town limits (Mill Branch), south along the town limits to Highway 24, west on 24 to State Road 1375, north and west on 1375 to State Road 1300, west on 1300 to the Warsaw city limits, then south and west along the town limits to Pine Crest Drive, northwest on Pine Crest to College Street, west on College to the starting point at South Pine Street.

District VI—The area within the following boundary running counterclockwise from the intersection of Highway 403 with the Sampson County line. South and east along the county line to Highway 117 south of Wallace, north on 117 to the Wallace city limits, then west, north and east along the Wallace city limits to Highway 117 north of Wallace (excluding

all of the town of Wallace from this district), north on 117 to the Teachey town limits, then east, north and west along the town limits to 117 (including all of Teachey in this district), north on 117 to the Rose Hill city limits, west along the city limits to the Seaboard Coast Line railroad tracks, north along the railroad tracks to First Street, east on First to Highway 117, north on 117 to the Magnolia town limits, then west, north and east along the town limits to Highway 117 (excluding all of Magnolia from this district), north on 117 to the Warsaw city limits and into Warsaw where 117 becomes Pine Street, north on Pine to College Street, west on College to Front Street, north on Front to the Seaboard Coast Line railroad tracks, west along the railroad tracks to the city limits, northwest from that point along State Road 1341 (excluding residences on both sides of the road from this district) to State Road 1340, northwest on 1340 (excluding residences on both sides of the road from this district) to State Road 1342, northeast on 1342 (excluding residences on both sides of the road from this district) to Highway 117, north on 117 to the Faison town limits, then west and north along the town limits to Highway 403, west on 403 to the starting point at the Sampson County line.

When the description of a district states that residences on both sides of a highway are to be included in a district, the residences on the side of the highway away from the main body of the district that are considered within the district are those homes which are on lots bordering the highway or are on lots directly connected to the highway by a driveway or similar roadway and are located within two hundred yards of the highway.

The district boundaries above are the same as those ordered by the court. The descriptions have been rewritten, however, to provide additional detail and to correct several minor errors in directions.

(a) Districts. –

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(b) Boundaries. – The names and boundaries of voting tabulation districts specified in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. If any
 572 voting tabulation district boundary is changed, that change shall not change the boundary of a

district, which shall remain the same as it is depicted by the 2010 Census Redistricting TIGER/Line Shapefiles."

SECTION 6. G.S. 153A-22 applies to the Duplin County Board of Commissioners.
G.S. 115C-37(i) applies to the Duplin County Board of Education.

SECTION 7. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 23rd day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-361
SENATE BILL 317**

AN ACT TO REDUCE THE SIZE OF THE GUILFORD COUNTY BOARD OF EDUCATION FROM ELEVEN TO NINE MEMBERS, TO ESTABLISH REVISED DISTRICTS FOR THE GUILFORD COUNTY BOARD OF EDUCATION, AND TO PROVIDE FOR PARTISAN ELECTIONS FOR THAT BOARD, AND TO DISTRICT THE STANLY COUNTY BOARD OF COMMISSIONERS AND THE STANLY COUNTY BOARD OF EDUCATION.

The General Assembly of North Carolina enacts:

PART I. GUILFORD COUNTY BOARD OF EDUCATION ELECTION CHANGES

SECTION 1.(a) Members elected to the Guilford County Board of Education in 2014 either for the District 2, 4, 6, or 8 seats or for the at-large seat previously scheduled for election that year are elected to two-year terms. The districts to be used in 2014 for the two-year terms are those established in 2011 by the Guilford County Board of Education under G.S. 115C-37(i).

SECTION 1.(b) Effective on the first Monday in December of 2016 as to the size of the board and effective beginning with the 2016 election cycle for the method of election, Section 2 of Chapter 78 of the 1991 Session Laws reads as rewritten:

"Sec. 2. (a) The Board of Education of the Guilford County School Administrative Unit shall be composed of ~~eleven~~ nine members elected on a partisan basis. ~~nonpartisan primary~~ basis at the time of the regular county primary and general elections except that in 1992 the dates of the primary and general election shall be in accordance with subsections (a1) and (b) of this section. ~~One~~ Beginning in 2016, one shall be elected from each of ~~eight~~ nine single-member districts established under subsection (g) of this section, and ~~two~~ one shall be elected at large from within the entirety of Guilford County. The results shall be determined in accordance with G.S. 163-294.G.S. 163-291.

~~The terms of office of members are staggered to allow for continuity on the Board, and all terms, following the initial terms, shall be for four years.~~

~~(a1) The initial primary election for the Guilford County Board of Education shall be held on Tuesday, March 10, 1992, and the initial general election shall be held on Tuesday, May 5, 1992.~~

~~(b) On Tuesday, May 5, 1992, In the 2016 general election, members for Districts 2, 4, 6 and 8 and the at-large member shall be elected for two-year terms. In 2018 and quadrennially thereafter, members for Districts 2, 4, 6, and 8 and the at-large member shall be elected for four-year terms. In 2016 and quadrennially thereafter, members for Districts 1, 3, 5, and 7 shall be elected for four-year terms. members for Districts 1, 3, 5, 7 and 9 shall be elected for four year terms. Also, on Tuesday, May 5, 1992, one of the two at large members shall be elected for a two year term; and the other at large member shall be elected for a four year term. In 1992, the candidate receiving the highest number of votes is elected to a four year term, and the candidate receiving the next highest number of votes is elected to a two year term. Thereafter, all members shall be elected for four year terms~~ Members shall be elected at the same time as the regular primary and general election dates for county officers.

~~(c) The members elected in 1992 shall take the oath of office on Monday, June 1, 1992. At that time, this elected Board shall have and assume the powers and duties set forth in Section 4 of this act. On July 1, 1993, this Board shall have and assume all duties granted by law and shall supersede the previous board or boards that had previously administered and governed the schools in Guilford County.~~



(d) The districts set out in subsection (g) of this section for use in 2016 and thereafter are devised and constituted to meet the requirements of the Voting Rights Act of 1965, as amended, and other applicable constitutional provisions. These districts shall remain the same until changed as provided by law G.S. 115C-37(i) and constitutional mandate.

(e) The qualified voters of Guilford County shall elect the at-large members of the board of education.

(f) The qualified voters of each district shall elect the member of the board of education for that district. Candidates must reside in the district for which they seek to be elected.

(g) The districts for use in 2016 and thereafter are as follows:

- (1) ~~District 1 consists of High Point precincts 3, 5, 6, 7, 9, 11, 12, 17, 18, 21, and 22.~~
- (2) ~~District 2 consists of High Point precincts 1, 2, 4, 8, 10, 13, 14, 15, 16, 19, 20, 23 and 24, and Deep River.~~
- (3) ~~District 3 consists of Greensboro precincts 20, 27B, 27C, 34A, 34B, 37B, 38 and 39, and Bruce, North Center Grove, Friendship 1, Oak Ridge and Stokesdale.~~
- (4) ~~District 4 consists of Greensboro precincts 19, 35B, 35C, 40B and 45, and Gibsonville, GIB-G, North Jefferson, South Jefferson, North Madison, South Madison, North Monroe, South Monroe, North Washington and South Washington.~~
- (5) ~~District 5 consists of Greensboro precincts 24C and 43, and Clay, Fentress 1, Greene, Friendship 2, Jamestown 1, Jamestown 2, Jamestown 3, South Sumner and Whitsett.~~
- (6) ~~District 6 consists of Greensboro precincts 14, 17, 18, 22, 23, 24A, 26B and 36, and Fentress 2 and North Sumner.~~
- (7) ~~District 7 consists of Greensboro precincts 10, 11, 12, 13, 16, 21, 27A, 28, 31, 32, 35A, 37A, 40A, 41A and 41B, and South Center Grove.~~
- (8) ~~District 8 consists of Greensboro precincts 2, 4, 5, 7, 9, 15, 24B, 25, 26A and 30.~~
- (9) ~~District 9 consists of Greensboro precincts 1, 3, 6, 8, 29, 33, 42 and 44.~~

District 1: Guilford County: VTD: G54, VTD: G55, VTD: G57, VTD: G60, VTD: H03, VTD: H05, VTD: H06, VTD: H07, VTD: H08, VTD: H09, VTD: H10, VTD: H11, VTD: H12, VTD: H17, VTD: H18, VTD: H19A, VTD: JAM4, VTD: SUM1, VTD: SUM2.

District 2: Guilford County: VTD: G36, VTD: G37, VTD: G62, VTD: G64, VTD: G65, VTD: H01, VTD: H02, VTD: H04, VTD: H13, VTD: H14, VTD: H16, VTD: H19B, VTD: H20A, VTD: H20B, VTD: H22, VTD: JAM1, VTD: JAM2, VTD: JAM3, VTD: JAM5, VTD: PG2, VTD: SCLAY, VTD: SUM3, VTD: SUM4.

District 3: Guilford County: VTD: FR3, VTD: FR5, VTD: G15, VTD: G16, VTD: G17, VTD: G33, VTD: G34, VTD: G35, VTD: G39, VTD: G40A1, VTD: G41, VTD: G42, VTD: G45, VTD: G48, VTD: OR1, VTD: OR2, VTD: SF3, VTD: SF4, VTD: STOK.

District 4: Guilford County: VTD: CG3A, VTD: CG3B, VTD: FEN2, VTD: G24, VTD: G25, VTD: G28, VTD: G29, VTD: GIB, VTD: GR, VTD: JEF1, VTD: JEF2, VTD: JEF4, VTD: MON1, VTD: MON3, VTD: NCLAY1, VTD: NCLAY2, VTD: NMAD, VTD: NWASH, VTD: RC1, VTD: RC2, VTD: SMAD, VTD: SWASH.

District 5: Guilford County: VTD: CG1, VTD: CG2, VTD: G11, VTD: G12, VTD: G13, VTD: G14, VTD: G18, VTD: G19, VTD: G20, VTD: G21, VTD: G22, VTD: G23, VTD: G27, VTD: G30, VTD: G31, VTD: G32, VTD: G40A2, VTD: G40B, VTD: G44, VTD: NCGR1, VTD: NCGR2, VTD: SF1, VTD: SF2.

District 6: Guilford County: VTD: FR1, VTD: FR2, VTD: FR4, VTD: G38, VTD: G43, VTD: G66, VTD: H15, VTD: H21, VTD: H23, VTD: H24, VTD: H25, VTD: H26, VTD: H27, VTD: HP, VTD: NDRI, VTD: SDRI.

District 7: Guilford County: VTD: FEN1, VTD: G03, VTD: G05, VTD: G06, VTD: G08, VTD: G09, VTD: G10, VTD: G26, VTD: G53, VTD: G71, VTD: G72, VTD: G74, VTD: G75, VTD: JEF3, VTD: MON2, VTD: PG1.

District 8: Guilford County: VTD: G01, VTD: G02, VTD: G04, VTD: G07, VTD: G46, VTD: G47, VTD: G49, VTD: G50, VTD: G51, VTD: G52, VTD: G56, VTD: G58, VTD: G59, VTD: G61, VTD: G63, VTD: G67, VTD: G68, VTD: G69, VTD: G70, VTD: G73.

(h) The names and boundaries of voting tabulation districts specified in this section are shown on the 2010 Census Redistricting TIGER/Line Shapefiles. If any voting tabulation

district boundary is changed, that change shall not change the boundary of a district, which shall remain the same as it is depicted by the 2010 Census Redistricting TIGER/Line Shapefiles."

SECTION 1.(c) Effective the first Monday in December of 2016, Section 6 of Chapter 78 of the 1991 Session Laws reads as rewritten:

"Sec. 6. Vacancies on the new Guilford County Board of Education shall be filled by vote of a majority of the remaining members of the Board present and voting for the remainder of the unexpired term. Vacancies shall be filled as provided in G.S. 115C-37.1(d). In instances in which the member being replaced was elected from within a single member district, the Board must appoint a resident of the district where the vacancy exists."

SECTION 2. Effective the first Monday in December of 2016, G.S. 115C-37.1(d) reads as rewritten:

"(d) This section shall apply only in the following counties: Alleghany, Brunswick, Graham, Guilford, New Hanover, Vance, and Washington."

PART II. STANLY COUNTY BOARD OF COMMISSIONERS AND BOARD OF EDUCATION ELECTION CHANGES

SECTION 3.(a) Notwithstanding any other provision of law, the Board of County Commissioners of Stanly County shall consist of seven members to be elected as follows:

- (1) Five members shall be elected from single-member districts, with the qualified voters of the county electing the member from that district, who shall serve four-year terms.
- (2) Two members shall be elected at large, who shall serve four-year terms.

SECTION 3.(b) Each candidate for a district seat must reside in the district for which the election is sought.

SECTION 4.(a) In 2014 and quadrennially thereafter, under the districts set out in or as modified in accordance with this act, there shall be elected to serve on the Board of County Commissioners of Stanly County one member each from District 1, District 2, District 3, District 4, and one member at large to serve a four-year term. In 2016 and quadrennially thereafter, there shall be elected one member from District 5 and one member at large to serve a four-year term. All of the elections shall be held at the time of the general election.

SECTION 4.(b) Nothing in this section shall alter or change the term of office of any member of the Stanly County Board of Commissioners that expires in 2016.

SECTION 4.(c) This section becomes effective July 1, 2014.

SECTION 5.(a) Notwithstanding the Plan for the Merger of the Stanly County and Albemarle City Schools or any other provision of law, the Board of Education of Stanly County shall consist of seven members to be elected as follows:

- (1) Five members shall be elected from single-member districts, with the qualified voters of the county electing the member from that district, who shall serve four-year terms.
- (2) Two members shall be elected at large, who shall serve four-year terms.

SECTION 5.(b) Each candidate for a district seat must reside in the district for which the election is sought.

SECTION 5.(c) In 2014 and quadrennially thereafter, under the districts set out in or as modified in accordance with this act, there shall be elected to serve on the Board of Education of Stanly County one member from District 1 and one member at large to serve a four-year term. In 2016 and quadrennially thereafter, there shall be elected one member each from District 2, District 3, District 4, District 5, and one member at large to serve a four-year term. All of the elections shall be held at the time of the general election.

SECTION 5.(d) This section becomes effective July 1, 2014.

SECTION 6. Until modified in accordance with this act, the elections for the Stanly County Board of Commissioners and Stanly County Board of Education shall be conducted in the following districts:

District 1: Stanly County: VTD: 0022, VTD: 0023, VTD: 0024, VTD: 0025.

District 2: Stanly County: VTD: 0013: Block(s) 1679310001009, 1679310001010, 1679310001011, 1679310001013, 1679310001014, 1679310001015, 1679310001016, 1679310001017, 1679310001018, 1679310001019, 1679310001020, 1679310001021, 1679310001022, 1679310004009, 1679310004010, 1679310004011, 1679310004012, 1679310004013, 1679310004014, 1679310004015, 1679310004016, 1679310004017,

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District 4: Stanly County: VTD: 0015, VTD: 0016, VTD: 0017, VTD: 0018.
District 5: Stanly County: VTD: 0002, VTD: 0003, VTD: 0007, VTD: 0008, VTD: 0010,
VTD: 0011.

SECTION 7. Notwithstanding Part 4 of Article 4 of Chapter 153A of the General Statutes, the structure of the Stanly County Board of Commissioners shall not be altered under that Part prior to the return of the 2020 Census. Following the return of the 2020 Census and each Census thereafter, the Stanly County Board of Commissioners may revise the election districts for the Board of Commissioners and the Board of Education. District boundary lines for the two boards shall remain identical. G.S. 153A-22 applies to the Stanly County Board of Commissioners.

SECTION 8. Sections 3, 4, 5, 6, and 7 apply to Stanly County only.

SECTION 9. Except as provided herein, this act is effective when it becomes law. Sections 1 and 2 of this act do not affect the terms of office of members of the Guilford County Board of Education elected in 2010 or 2012.

In the General Assembly read three times and ratified this the 26th day of July, 2013.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013**

**SESSION LAW 2013-110
SENATE BILL 325**

AN ACT TO PROVIDE THAT MEMBERS OF THE WAKE COUNTY BOARD OF
EDUCATION SHALL BE ELECTED FROM DISTRICTS.

The General Assembly of North Carolina enacts:

SECTION 1. An election shall be held in 2013 for the Wake County Board of Education for Districts 1, 2, 7, and 9, but those persons elected shall serve terms to expire on the first Monday in December of 2016. The districts for such election are those established in 2011 by the Wake County Board of Education under G.S. 115C-37(i). The terms of members of the Wake County Board of Education elected in 2011 are extended to expire on the first Monday in December of 2016. No election for members of the Wake County Board of Education shall take place in 2015.

SECTION 2. Effective January 1, 2016, Section 7 of Chapter 717, Session Laws of 1975, as amended by Sections 2 and 3 of Chapter 321, Session Laws of 1977, and as rewritten by Section 3 of Chapter 742 of the 1981 Session Laws, reads as rewritten:

"Sec. 7. (a) ~~In 1981, and biennially thereafter, Beginning in 2016, nine members of the Wake County Board of Education shall be elected by the nonpartisan election and runoff plurality election method in accordance with G.S. 163-279(a)(4), G.S. 163-293, G.S. 163-292 and G.S. 163-294.2. and G.S. 163-294.2, except that only~~ Only persons who are registered to vote in the district shall be permitted to file a notice of candidacy for election in that district. Notwithstanding G.S. 163-294.2(c) and G.S. 163-106, candidates seeking office shall file their notices of candidacy with the board of elections no earlier than 12:00 noon on the second Monday in June and no later than 12:00 noon on the first Friday in July (except if that is the 4th day of July then at 12:00 noon on the next business day) preceding the election. Such election shall be governed by the provisions of Chapter 163 of the General Statutes. Statutes and shall be held to coincide with the general election for county officers in even-numbered years.

(b) Beginning in 2016, and quadrennially thereafter, seven members of the board shall be elected from numbered single-member districts to serve a term of four years. The qualified voters of each district shall elect a person who resides in that district for the seat apportioned to that district. Only the qualified voters of the district may vote in that election.

(c) In 2016, two members shall be elected from lettered single-member districts to serve a term of two years. In 2018, and quadrennially thereafter, two members shall be elected from lettered single-member districts. The qualified voters of each district shall elect a person who resides in that district for the seat apportioned to that district. Only the qualified voters of the district may vote in that election."

SECTION 3. Effective January 1, 2014, Section 6 of Chapter 717, Session Laws of 1975, as amended by Section 1 of Chapter 321, Session Laws of 1977, and as rewritten by Section 2 of Chapter 742 of the 1981 Session Laws, reads as rewritten:

"Sec. 6. All terms of office of members of the Wake County Board of Education shall begin on the first Monday in December following their election. ~~Districts 1, 2, 7, and 9 shall elect a member in 1981 and quadrennially thereafter for a four year term. Districts 3, 4, 5, 6, and 8 shall elect a member in 1981 for a two year term and in 1983 and quadrennially thereafter for a four year term."~~

SECTION 4. Effective January 1, 2016, Section 5 of Chapter 717, Session Laws of 1975, as rewritten by Section 1 of Chapter 742 of the 1981 Session Laws, is repealed.

SECTION 5. Effective January 1, 2016, Chapter 717 of the 1975 Session Laws is amended by adding a new section to read:



"Sec. 5.1.(a) The General Assembly establishes the single-member districts for elections under this act beginning in 2016 as follows:

(1) Numbered districts:

District 1: Wake County: VTD: 02-02, VTD: 02-03, VTD: 02-05, VTD: 08-04, VTD: 08-08, VTD: 09-01, VTD: 09-02, VTD: 09-03, VTD: 10-01, VTD: 10-02, VTD: 10-03, VTD: 10-04, VTD: 14-01, VTD: 14-02, VTD: 15-01, VTD: 16-01: Block(s) 1830528071000, 1830528071001, 1830528071002, 1830528071003, 1830528071009, 1830528071010, 1830528071011, 1830528071012, 1830528071013, 1830528071014, 1830528071015, 1830528071016, 1830528071017, 1830528071018, 1830528071019, 1830528071020, 1830528071021, 1830528071022, 1830528071023, 1830528071024, 1830528071025, 1830528071026, 1830528071027, 1830528071028, 1830528071029, 1830528072087, 1830528072088, 1830528072089, 1830528072090, 1830528072091, 1830528072092, 1830528084000, 1830528084001, 1830528084002, 1830528084003, 1830528084004, 1830528084005, 1830528084006, 1830528084007, 1830528084008, 1830528084009, 1830528084010, 1830528084011, 1830528084012, 1830528084013, 1830528084014, 1830528084015, 1830528084016, 1830528084017, 1830528084018, 1830528084019, 1830528084020, 1830528084021, 1830528084022, 1830528084023, 1830528084024, 1830528084044, 1830528092000, 1830528092001, 1830528092002, 1830528092003, 1830528092004, 1830528092005, 1830528092006, 1830528092007, 1830528092008, 1830528092009, 1830528092010, 1830528092011, 1830528092012, 1830528092013, 1830528092014, 1830528092015, 1830528092016, 1830528092017, 1830528092018, 1830528092019, 1830528092020, 1830528092021, 1830528092022, 1830528092023, 1830528092024, 1830528092025, 1830528092026, 1830528092027, 1830528092028, 1830528092029, 1830528092030, 1830528092031, 1830528092032, 1830528092033, 1830528092034, 1830528092035, 1830528092036, 1830528092037, 1830528092038, 1830528092039, 1830528092040, 1830528092041, 1830528092042, 1830528092043, 1830528092044, 1830528092045, 1830528092046; VTD: 16-03: 1830528021020, 1830528022000, 1830528023000, 1830528023001, 1830528023002, 1830528023003, 1830528023004, 1830528023005, 1830528023022, 1830528023023, 1830528023024, 1830528023027, 1830528023028, 1830528023029, 1830528024000, 1830528024001, 1830528024002, 1830528024003, 1830528024004, 1830528024005, 1830528024006, 1830528024020, 1830545002074, 1830545002091, 1830545002092; VTD: 16-04: 1830528081017, 1830528081018, 1830528081019, 1830528081020, 1830528081021, 1830528081022, 1830528081026, 1830528081027, 1830528083002, 1830528083003, 1830528083004, 1830528083005, 1830528083006, 1830528083011, 1830528083012, 1830528083013, 1830528083014, 1830528083015, 1830528083016, 1830528083017, 1830528083018, 1830528083020, 1830528083021, 1830528083024, 1830528083028, 1830528083029, 1830528083033, 1830528083034, 1830528083035, 1830528083036, 1830528083037, 1830528083038, 1830528083039, 1830528083040, 1830528083041, 1830528083044, 1830528083045, 1830528083046, 1830528083047, 1830528083048, 1830528083049, 1830528084054; VTD: 16-06: 1830528014000, 1830528014001, 1830528014002, 1830528014003, 1830528014004, 1830528014005, 1830528014006, 1830528014007, 1830528014008, 1830528014009, 1830528014010, 1830528014011, 1830528014012, 1830528014013, 1830528014014, 1830528014015, 1830528014016, 1830528015004, 1830528081002, 1830528081003, 1830528081005, 1830528081006, 1830528081007, 1830528081008, 1830528081009, 1830528081010, 1830528081011, 1830528081012, 1830528081013, 1830528081014, 1830528081015, 1830528081016, 1830528081025; VTD: 16-07, VTD: 16-08: Block(s) 1830528064039, 1830528064040, 1830528064041, 1830528064042, 1830528064043, 1830528064044, 1830528071004, 1830528072093, 1830528072094; VTD: 16-09: 1830528082000, 1830528082019, 1830528082020, 1830528082021, 1830528082031, 1830528082032, 1830528082033, 1830528082035, 1830528082041, 1830528082042, 1830528082043, 1830528082044, 1830528082045, 1830528082046, 1830528082047, 1830528082048, 1830528082049, 1830528082050, 1830528082051, 1830528082052, 1830528082053, 1830528082054, 1830528082055, 1830528082056, 1830528082057, 1830528082058, 1830528082059, 1830528084025, 1830528084026, 1830528084027, 1830528084028, 1830528084029, 1830528084030, 1830528084031, 1830528084032, 1830528084033, 1830528084034, 1830528084035, 1830528084036, 1830528084037, 1830528084038, 1830528084039, 1830528084040, 1830528084041, 1830528084042, 1830528084043, 1830528084045,

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District 2: Wake County: VTD: 01-03, VTD: 01-04, VTD: 01-05, VTD: 01-11, VTD: 01-15,
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 VTD: 07-06, VTD: 07-07, VTD: 07-11, VTD: 08-02, VTD: 08-03, VTD: 08-05, VTD:
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District 3: Wake County: VTD: 01-01, VTD: 01-02, VTD: 01-06, VTD: 01-07, VTD: 01-09,
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District 4: Wake County: VTD: 01-19, VTD: 01-20, VTD: 01-22, VTD: 01-25, VTD: 01-26,
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District 5: Wake County: VTD: 01-16, VTD: 01-29, VTD: 01-30, VTD: 01-33, VTD: 01-39,
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District 6: Wake County: VTD: 04-01, VTD: 04-02, VTD: 04-04, VTD: 04-06, VTD: 04-07, VTD: 04-10, VTD: 04-12, VTD: 04-13, VTD: 04-14, VTD: 04-15, VTD: 04-16, VTD: 04-19, VTD: 06-05, VTD: 06-06, VTD: 06-07, VTD: 12-01, VTD: 12-05, VTD: 12-09, VTD: 16-05, VTD: 18-02, VTD: 18-03, VTD: 18-04, VTD: 18-05, VTD: 18-07, VTD: 18-08, VTD: 20-01, VTD: 20-03, VTD: 20-05, VTD: 20-09.

District 7: Wake County: VTD: 03-00, VTD: 05-06, VTD: 06-01, VTD: 06-04, VTD: 12-02, VTD: 12-04, VTD: 12-06, VTD: 12-07, VTD: 12-08, VTD: 15-02, VTD: 15-03, VTD: 15-04, VTD: 20-02, VTD: 20-04, VTD: 20-06, VTD: 20-08, VTD: 20-10, VTD: 20-11, VTD: 20-12.

(2) Lettered districts:

District A: Wake County: VTD: 01-01, VTD: 01-02, VTD: 01-03, VTD: 01-04, VTD: 01-05, VTD: 01-06, VTD: 01-07, VTD: 01-09, VTD: 01-10, VTD: 01-12, VTD: 01-13, VTD: 01-14, VTD: 01-16, VTD: 01-18: Block(s) 1830527011020, 1830527011021, 1830527012009, 1830527012010, 1830527012012, 1830527012013, 1830527012014, 1830527012016, 1830527012017, 1830527012021, 1830527012025, 1830527012026, 1830527012027, 1830527012028, 1830527012029, 1830527012030, 1830527012031, 1830527012032, 1830527012033, 1830527012034, 1830527012035, 1830527012036, 1830527012037, 1830527012038, 1830527012039, 1830527013000, 1830527013005, 1830527013006, 1830527013007, 1830527013008; VTD: 01-19, VTD: 01-20, VTD: 01-21, VTD: 01-22, VTD: 01-23, VTD: 01-25, VTD: 01-26, VTD: 01-27, VTD: 01-28, VTD: 01-29, VTD: 01-31, VTD: 01-32, VTD: 01-33, VTD: 01-34, VTD: 01-35, VTD: 01-38, VTD: 01-40, VTD: 01-41, VTD: 01-43: Block(s) 1830540011000, 1830540011001, 1830540011002, 1830540011003, 1830540013000, 1830540013001, 1830540013002, 1830540013003, 1830540013004, 1830540013005, 1830540013006, 1830540013007; VTD: 01-44, VTD: 01-45, VTD: 01-46, VTD: 01-48, VTD: 01-49, VTD: 01-50, VTD: 04-01, VTD: 04-02, VTD: 04-03, VTD: 04-04, VTD: 04-05, VTD: 04-06, VTD: 04-08, VTD: 04-09, VTD: 04-10, VTD: 04-11, VTD: 04-12, VTD: 04-13, VTD: 04-14, VTD: 04-15, VTD: 04-16, VTD: 04-17, VTD: 04-18, VTD: 04-19, VTD: 04-20, VTD: 04-21, VTD: 05-01, VTD: 05-03, VTD: 06-06, VTD: 07-01, VTD: 07-02, VTD: 07-03, VTD: 07-05, VTD: 07-07, VTD: 07-09, VTD: 07-10, VTD: 07-11, VTD: 07-12, VTD: 08-02, VTD: 08-05, VTD: 08-06, VTD: 08-09, VTD: 08-10, VTD: 08-11, VTD: 09-01: Block(s) 1830543011005, 1830543011006, 1830543011007, 1830543011008, 1830543011010, 1830543011011, 1830543011012, 1830543011013, 1830543011014, 1830543011015, 1830543011016, 1830543011022; VTD: 10-02: 1830544031000, 1830544031001, 1830544031002, 1830544031003, 1830544031004, 1830544031005, 1830544031006, 1830544031007, 1830544031008, 1830544031009, 1830544031010, 1830544031015, 1830544042009, 1830544042010, 1830544042011, 1830544042012, 1830544042013, 1830544042014, 1830544042015, 1830544042016, 1830544042017, 1830544042018, 1830544042021, 1830544042022, 1830544042023, 1830544042024, 1830544042025, 1830544042026, 1830544043000, 1830544043001, 1830544043002, 1830544043003, 1830544043005, 1830544043006, 1830544043013, 1830544043014, 1830544043015, 1830544043016, 1830544043017, 1830544043018, 1830544043019, 1830544043020, 1830544043021, 1830544043022, 1830544043023, 1830544043024, 1830544043025, 1830544043026, 1830544043029, 1830544043031, 1830544043032, 1830544043033, 1830544043034, 1830544043035, 1830544043036, 1830544043075, 1830544043076, 1830544043077, 1830544043078, 1830544043079, 1830544043090; VTD: 10-03: 1830544022008, 1830544043004, 1830544043007, 1830544043008, 1830544043009, 1830544043010, 1830544043012, 1830544043030, 1830544043066, 1830544043071, 1830544043073, 1830544043074, 1830544043080, 1830544043081, 1830544043082, 1830544043087; VTD: 10-04: 1830541081000, 1830541081001, 1830541081002, 1830541081003, 1830541081004, 1830541081005, 1830541081006, 1830541081007, 1830541081008, 1830541081009, 1830541081010, 1830541081011, 1830541081012, 1830541081013, 1830541081014, 1830541081015, 1830541081016, 1830541081017, 1830541081018, 1830541081019, 1830541082000, 1830541082005, 1830541082006, 1830541082007, 1830541082008, 1830541082009, 1830541082010, 1830541082011, 1830541082012, 1830541082013, 1830541082014, 1830541082015, 1830541082016, 1830541082017, 1830541082018, 1830541082019, 1830541082020, 1830541082021, 1830541082022, 1830541082023, 1830541082024, 1830541082025, 1830541091001, 1830541091002, 1830541091003, 1830541091004, 1830541091005, 1830541091006.

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(b) The names and boundaries of voting tabulation districts, tracts, block groups, and blocks specified in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. If any voting tabulation district boundary is changed, that change shall not change the boundary of a district, which shall remain the same as it is depicted by the 2010 Census Redistricting TIGER/Line Shapefiles.

(c) Thereafter, beginning in 2021, district boundaries may be changed by the Wake County Board of Education in accordance with G.S. 115C-37(i) to account for population imbalances after each federal census, but such revision shall not impair the ability of any persons to finish the term for which they are elected or affect the appointment of any person to fill a vacancy in such position for the remainder of that term."

SECTION 6. Effective January 1, 2016, Section 8 of Chapter 717, Session Laws of 1975, as amended by Section 4 of Chapter 321 of the 1977 Session Laws, is repealed.

SECTION 7. Except as provided herein, this act is effective when it becomes law.
In the General Assembly read three times and ratified this the 13th day of June,
2013.

s/ Daniel J. Forest
President of the Senate

s/ Thom Tillis
Speaker of the House of Representatives